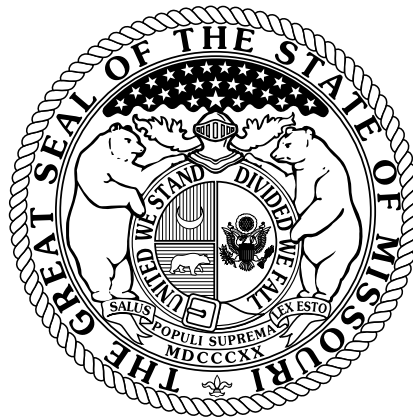


STATE OF MISSOURI

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Fiscal Year Ended June 30, 2002



BOB HOLDEN

Governor

JACQUELYN D. WHITE

Commissioner

Office of Administration

JAMES A. CARDER

Director

Division of Accounting

STATE OF MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2002

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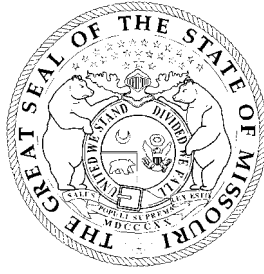
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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors which influence these activities.*

Bob Holden
Governor



Jacquelyn D. White
Commissioner

State of Missouri
OFFICE OF ADMINISTRATION
Post Office Box 809
Jefferson City, Missouri 65102
(573) 751-2971
<http://www.oa.mo.gov/acct>

James A. Carder
Director
Division of Accounting

March 31, 2003

The Honorable Bob Holden
Governor
State of Missouri
State Capitol
Jefferson City, Missouri 65101

Dear Governor Holden:

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report of the State of Missouri for the fiscal year 2002. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents. The report is prepared to show the financial position and operating results of the State. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial activities have been included.

Method of Presentation

The report is divided into an Introductory Section, a Financial Section, and a Statistical Section. The Introductory Section contains the transmittal letter, the State organizational chart, and a list of principal officials. The Financial Section is composed of the Auditor's Opinion, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Statistical Section provides various financial, economic, and demographic data about the State.

PROFILE OF THE GOVERNMENT

This report includes funds of various departments, agencies, and other organizational units for which the State is financially accountable. The following criteria were considered in determining financial accountability: appointment of a governing body, ability to impose the State's will on the organization or the organization can provide specific financial benefits to, or impose specific financial burdens on, the primary government. The following organizations are considered component units and are included in the State's reporting entity:

- Board of Public Buildings
- Conservation Employees' Insurance Plan
- Transportation Self-Insurance Plan
- Missouri Consolidated Health Care Plan
- Highway and Transportation Employees' and Highway Patrol Insurance Plan
- Missouri State Employees' Retirement System
- Highway and Transportation Employees' and Highway Patrol Retirement System
- Missouri State Public Employees' Deferred Compensation Commission
- State Colleges and Universities
- Development Finance Board
- Agricultural and Small Business Development Authority
- Fulton 54 Transportation Corporation
- Missouri Transportation Finance Corporation
- Missouri Highway 179 Transportation Corporation
- Springfield, MO State Highway Improvement Corporation
- Wentzville Parkway Transportation Corporation

The State provides a range of services in the areas of agriculture, education, health and social services, transportation systems, public safety, law enforcement, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amounts at the individual appropriation level. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that the revenue estimate will not be met. Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.

MAJOR INITIATIVES

Balancing Missouri's budget in fiscal year 2002 was achieved through sound financial management. A conservative consensus revenue estimate was agreed to by the Governor and General Assembly. However, the estimate was revised in July 2001, December 2001, and April 2002 as the effect of the recession, the terrorist attacks, and the falling stock market on the state's revenue collections became clear. Personal income trends indicate that Missouri can expect relatively slow growth during fiscal year 2003. In future years, Missouri will focus on controlling the growth of mandatory programs through various cost-effective alternatives and revenue enhancements. Major funding priorities include education, health care, correctional facilities, and economic development.

FINANCIAL INFORMATION

The State's financial statements have been prepared using the new financial reporting model set forth by the Governmental Accounting Standards Board Statement No. 34. This is explained further in the Management's Discussion and Analysis (MD&A) in this report. Other necessary disclosures are included in the notes to the financial statements.

The State's internal accounting controls provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposal and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the resulting benefit.

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve part of the appropriation, is employed for purposes of budgetary control and contract compliance. Encumbrances at year end do not constitute expenditures or liabilities.

Tax Limitation

Article X, Sections 16–24 of the Constitution of Missouri (the "Tax Limitation Amendment"), imposes a limit on the amount of taxes which may be imposed by the General Assembly in any fiscal year. This limit is tied to total State revenues for fiscal year 1981, as defined in the Tax Limitation Amendment and adjusted annually, in accordance with the formula set forth in the amendment which is tied to increases in the personal income of Missouri for certain designated periods. If the revenue limit is exceeded by 1% or more in any fiscal year, the excess revenue will be refunded pro-rata based on the liability reported on State income tax returns. If the excess revenue collected is less than 1% of the revenue limit, the excess revenue shall be transferred to the General Revenue Fund. The revenue limit can be exceeded by a constitutional amendment duly adopted by the people or if the General Assembly approves by a two-thirds vote an emergency declaration by the Governor.

Strong economic growth resulted in revenues above the total state revenue limit in fiscal years 1995 through 1999. The State has refunded to Missouri income taxpayers the entire \$972.7 million in excess revenue for those years.

The Missouri Merchants and Manufacturer's Association filed a lawsuit to obtain a judicial determination of certain issues relative to this calculation. The lawsuit (Missouri Merchants and Manufacturer's Association et al v. State of Missouri Case No. 99-CV-323530) was remanded with instructions to the Circuit Court of Cole County after an appeal to the Missouri Supreme Court. The Cole County Circuit Court ruled that the State owed an additional \$6 million of Article X refunds, which have been paid to income taxpayers in fiscal year 2003.

The Missouri Merchants and Manufacturer's Association has filed an additional lawsuit to obtain a judicial determination of certain issues relative to this calculation. The lawsuit (Missouri Merchants and Manufacturer's Association et al v. State of Missouri, Case No. 00-CV-325457) has been dismissed.

Proprietary Operations

The State has several significant proprietary entities which contribute a vital part of governmental services. The Board of Public Buildings operates and maintains certain State buildings. The State Lottery Commission oversees the lottery operations and controls. The Department of Labor and Industrial Relations pays benefits based on the Unemployment Compensation Law. The Development Finance Board is authorized to make loans for projects that benefit the economy or infrastructure of the State and its political subdivisions. Transportation Corporations promote and develop public transportation facilities and systems by new and alternative means.

Pension Plans

The State has two retirement systems, the Missouri State Employees' Retirement System (MOSERS) and the Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS). Total assets of MOSERS and HEHPRS at June 30, 2002, were \$6,376,858,000 and \$1,274,071,000, respectively. The net pension obligation for MOSERS at June 30, 2002, was \$94,148,000. There was no net pension obligation for HEHPRS at June 30, 2002. The State sponsors the Missouri State Employees' Deferred Compensation Incentive Plan which had total assets of \$75,579,000 at June 30, 2002.

Debt Administration

The amount of general obligation debt that can be issued by the State is limited to the amount approved by popular vote plus the amount of \$1 million. The State's general obligation debt limit at June 30, 2002, was \$1,776,000,000 of which \$381,505,760 was unissued. The general obligation debt position of the State at June 30, 2002, was as follows:

General obligation bonded debt (net of amount available in governmental funds)	\$ 865,710,000
Debt per capita for general obligation debt	\$ 153.20

During fiscal year 2002, \$55,155,000 of the bonds were retired and no new bonds were issued. At year end, the total general obligation debt outstanding was \$923,795,000 and the interest rate range was 4.0-7.5%.

The State's general obligation bond issues received triple "A" ratings from Moody's Investors Service, Inc., Standard & Poor's Ratings Group, and Fitch IBCA, Inc.

Cash Management

During the year, cash from the various State funds is invested by the State Treasurer. Most of these funds' cash balances are pooled for investment purposes. The State also invests its "float" which increases the earning power. Cash was invested in time deposits with maturities ranging from 30 to 1,096 days, in U.S. Treasury and federal agency securities with maturities ranging from 1 to 1,826 days, in repurchase agreements with maturities ranging from 1 to 90 days and in commercial paper with maturities ranging from 1 to 90 days. At June 30, 2002, these investments consisted of:

	<u>Amount</u>	<u>Interest Rates</u>	<u>Market Value</u>
Time Deposits	\$ 367,178,643	1.6 – 6.5%	\$ 367,178,643
Treasurer and Agency Securities	1,438,709,395	1.67 – 7.125%	1,445,791,733
Repurchase Agreements	527,329,300	1.96%	527,329,300
Commercial Paper	694,144,370	1.8 – 1.84%	694,040,248

The average yield on maturing investments during the year was 3.127% and the amount of interest earned was \$91,460,657.

The State attempts to minimize credit and market risks while maintaining a competitive yield on its investments. Approximately 84% of investments held by the State and subject to categorization at June 30, 2002, are classified in the lowest risk category as defined by the Governmental Accounting Standards Board. All deposits invested by the State Treasurer are either insured by federal depository insurance or collateralized.

Risk Management

The State currently assumes substantially all risks associated with:

- Claims of State employees for unemployment compensation benefits
- Claims of covered employees for Workers' Compensation Fund and Second Injury Fund benefits
- Claims of State employees, covered under the Conservation Employees' Insurance Plan and the Highway and Transportation Employees' and Highway Patrol Insurance Plan, for medical insurance
- Liability claims against the State or its agencies for the dangerous conditions of property and operation of motor vehicle and watercraft
- Liability claims actionable under the law that parties may file against the State, its officials, employees, or appointees

The State maintains the Legal Expense Fund which purchases insurance coverage for:

- Aircraft liability and hull insurance
- Faithful performance employee bond

The State purchases insurance coverage through various funds for:

- Group life insurance
- Long-term disability insurance
- Medical insurance

OTHER INFORMATION

Independent Audit

An annual audit of the general purpose financial statements is completed each year by the State of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her opinion has been included in this report. The State Auditor conducts a "Single Audit" of all Federal funds.

Acknowledgements

We wish to express our sincere appreciation to the staff of the various State agencies and other organizational units, who provided necessary financial information. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by technical and management personnel within the State Auditor's Office, the State Treasurer's Office, Office of Administration, and numerous other State agencies. We would like to convey a special thanks to the State Printing Center for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

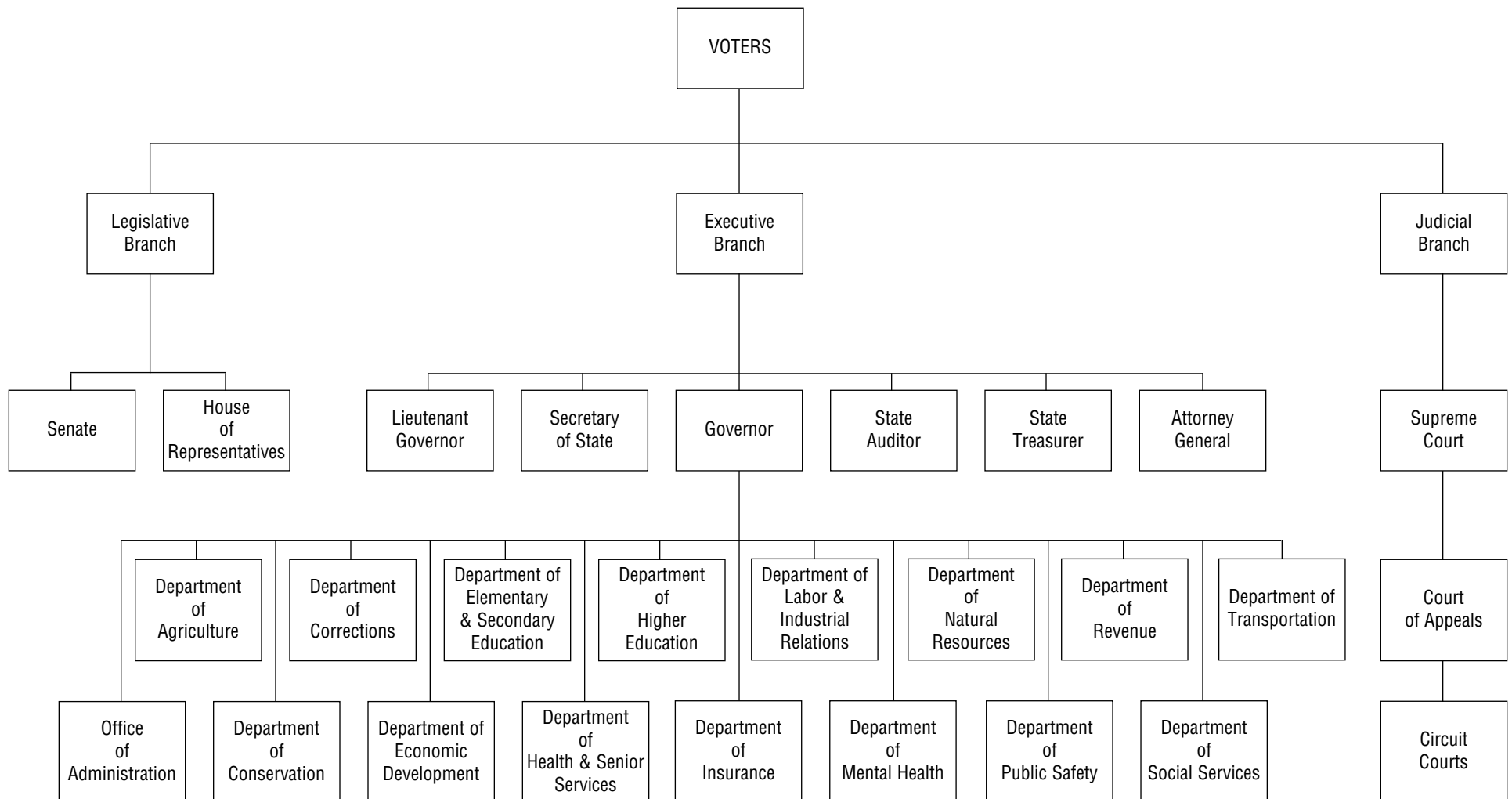
A handwritten signature in black ink, appearing to read "James A. Carder". The signature is fluid and cursive, with a long horizontal stroke at the end.

James A. Carder, Director
Division of Accounting

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2002



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2002

EXECUTIVE

Bob Holden
Governor

Joe Maxwell
Lieutenant Governor

Matt Blunt
Secretary of State

Claire McCaskill
State Auditor

Nancy Farmer
State Treasurer

Jeremiah W. (Jay) Nixon
Attorney General

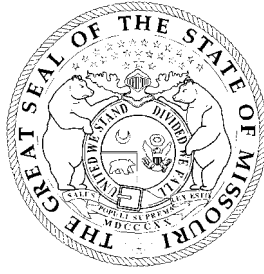
LEGISLATIVE

Peter Kinder
President Pro Tem of the Senate

Jim Kreider
Speaker of the House of Representatives

JUDICIAL

Stephen N. Limbaugh, Jr.
Chief Justice of the Supreme Court



*The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, and Combining and Individual Fund Statements and Schedules for Non-Major Funds.*



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Bob Holden, Governor
and
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2002, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan, which represent 80 percent and 14 percent of the assets and operating revenues, respectively, of the governmental activities. We did not audit the State Lottery, which represent 24 percent and 65 percent of the assets and operating revenues of the business-type activities. We did not audit the component units. We did not audit the pension trust funds and the Public Employees' Deferred Compensation Plan, which represent 94 percent and 83 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied by the Director of Revenue based on her interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 27 percent of governmental activity revenues are from

this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented the following Governmental Accounting Standards Board statements: Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Number 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; Number 37, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments: Omnibus*; Number 38, *Certain Financial Statement Note Disclosures*; and Number 39, *Determining Whether Certain Obligations are Component Units*.

In accordance with *Government Auditing Standards*, our report on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants is issued under separate cover in the Single Audit Report. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

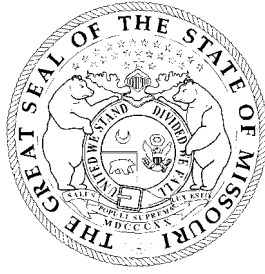
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and except for the effects, if any, of the matter discussed in paragraph three, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 21, 2003 (fieldwork completion date)



The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State.

Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (the State's), financial activities for the fiscal year ended June 30, 2002. Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

HIGHLIGHTS

Highlights of fiscal year 2002 include:

- continued full funding for the school foundation formula for local schools with significant new resources;
- investments in early childhood initiatives;
- investments in operating costs for new prisons and the fight against illegal drugs;
- start up funding for a prescription drug plan for the elderly;
- an intensive core budget review resulting in \$197 million in core cuts or redirections in fiscal year 2002.

In fiscal year 2002 Missouri invested a total of \$60 million in its capital assets with appropriations for construction and maintenance projects throughout the State. Missouri also invested \$1.625 billion in road and bridge construction and maintenance as part of a long-range plan to improve highways using additional State gasoline tax revenues and matching federal dollars.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the State's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is received. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

Governmental Activities are primarily supported by taxes and intergovernmental revenues. They include general government, education, natural and economic resources, transportation and law enforcement, and human services.

Business-Type Activities are intended to recover all or a significant portion of their costs through user fees and charges. They include constructing and operating State park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of Unemployment Compensation and the State Lottery.

Discretely Presented Component Units are operations for which the State has financial accountability, but are legally separate. They include colleges and universities, the Development Finance Board, Agricultural and Small Business Development Authority, and various highway transportation corporations.

Fund financial statements:

A *fund* is a group of related accounts that is used to keep track of specific activities or objectives. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of current financial resources, as well as on balances that can be converted to cash and the balances left at year-end that are available for future spending. Such information may be useful in evaluating a government's financing requirements in the near future.

Governmental funds include the General Fund and special revenue, capital project, debt service, and permanent funds. Of these, the General Fund, Public Education, Conservation and Environmental Protection, Transportation and Law Enforcement, and the State Road Fund are shown as major funds and presented in separate columns. Data from other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

In order for the user to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, a reconciliation to facilitate this comparison between governmental funds and governmental activities is provided on the page immediately following each governmental fund financial statement.

Proprietary funds. The State maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The State uses enterprise funds to account for activities that provide supplies and services to the general public. These include constructing and operating State park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation of the State Lottery. Internal service funds report activities that provide supplies and services for the State's other programs and activities. The State uses internal service funds to account for insurance and health-care plans, as well as administrative services for other State agencies, such as fleet management and data processing and telecommunication services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the State Lottery and the Unemployment Compensation fund, which are considered major enterprise funds. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including a budgetary comparison schedule.

The combining statements referred to earlier concerning non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State completed fiscal year 2002 with a balanced budget. Net general revenue collections in fiscal year 2002 were \$6,211 million, 2.8% lower than fiscal year 2001 collections. Net general revenue collections growth was lower than originally estimated.

STATEMENT OF NET ASSETS

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current and Other Assets	\$ 5,089,185	\$ 547,594	\$ 5,636,779
Capital Assets, Net	26,693,780	35,123	26,728,903
<i>Total Assets</i>	31,782,965	582,717	32,365,682
LIABILITIES:			
Long-Term Liabilities Outstanding	2,682,910	82,430	2,765,340
Other Liabilities	1,371,835	150,872	1,522,707
<i>Total Liabilities</i>	4,054,745	233,302	4,288,047
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	26,458,387	35,095	26,493,482
Restricted	998,145	358,666	1,356,811
Unrestricted	271,688	(44,346)	227,342
<i>Total Net Assets</i>	\$ 27,728,220	\$ 349,415	\$ 28,077,635

STATEMENT OF ACTIVITIES

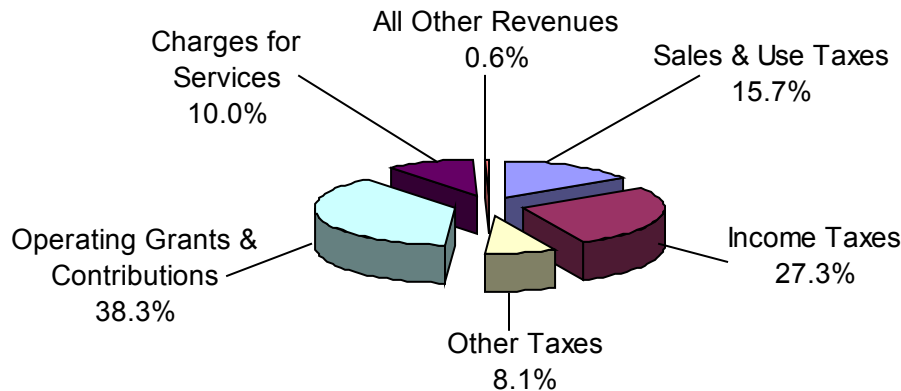
	Governmental Activities	Business-Type Activities	Total
REVENUES:			
Program Revenues:			
Charges for Services	\$ 1,683,603	\$ 638,264	\$ 2,321,867
Operating Grants and Contributions	6,441,518	524,808	6,966,326
Capital Grants and Contributions	7,722	---	7,722
General Revenues:			
Sales and Use Taxes	2,650,692	---	2,650,692
Income Taxes	4,587,867	---	4,587,867
Other Taxes	1,370,431	---	1,370,431
Other Revenues	95,585	24,764	120,349
<i>Total Revenues</i>	16,837,418	1,187,836	18,025,254
EXPENSES:			
General Government	908,592	---	908,592
Education	4,550,990	---	4,550,990
Natural and Economic	574,717	---	574,717
Transportation and Law Enforcement	1,915,697	---	1,915,697
Human Services	8,093,493	---	8,093,493
State Lottery	---	433,287	433,287
Unemployment Compensation	---	642,045	642,045
All Other Expenses	719,892	78,542	798,434
<i>Total Expenses</i>	16,763,381	1,153,874	17,917,255
Increase in Net Assets before Contributions and Transfers	74,037	33,962	107,999
<i>Transfers</i>	(597,350)	(156,012)	(753,362)
Change in Net Assets	(523,313)	(122,050)	(645,363)
<i>Net Assets—July 1, 2001</i>	28,251,533	471,465	28,722,998
<i>Net Assets—June 30, 2002</i>	\$ 27,728,220	\$ 349,415	\$ 28,077,635

Governmental Activities:

Governmental activities decreased the State's net assets by \$523 million due to a decrease in revenue from taxes and increased spending in education and human services, including Medicaid. Income taxes decreased by about \$41 million, and corporate franchise taxes decreased by \$51 million. The reduction in income tax collections was due to the slowdown of the national economy and a reduction in the capital gains income for individuals.

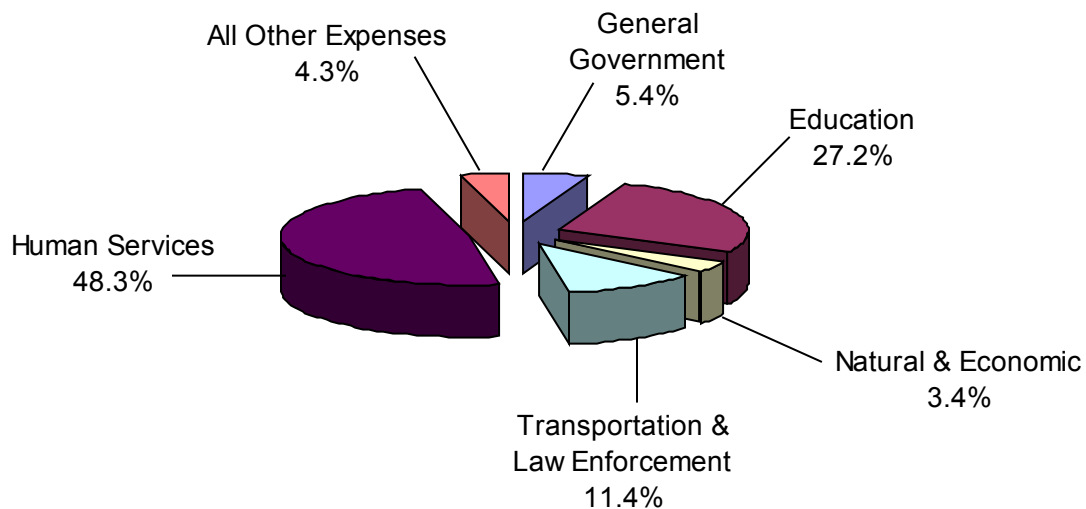
The following chart depicts revenues of the governmental activities for the fiscal year:

Revenues by Source



The following chart depicts expenses of the governmental activities for the fiscal year:

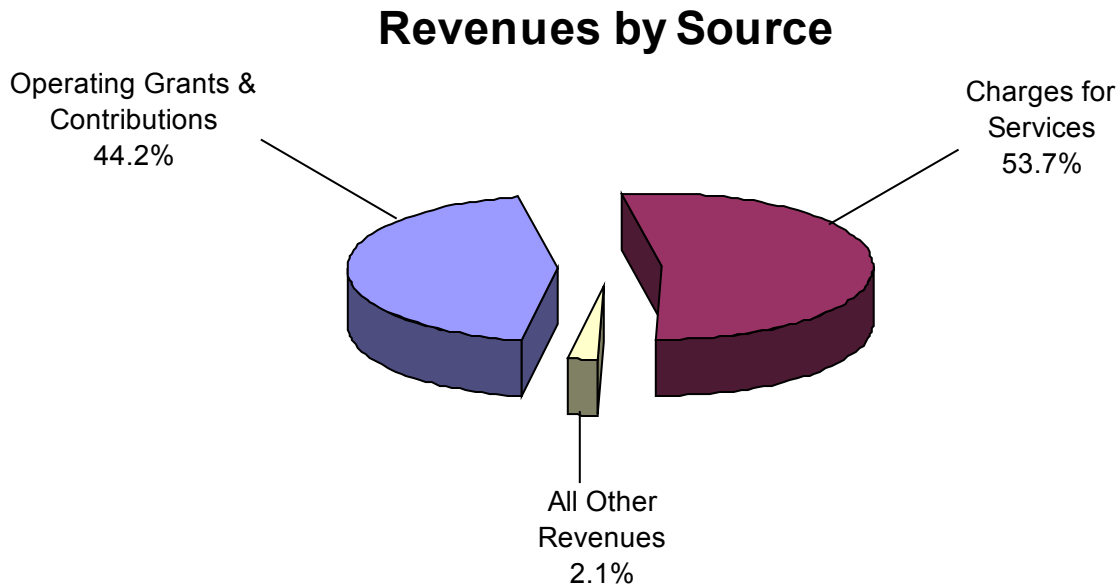
Expenses by Function



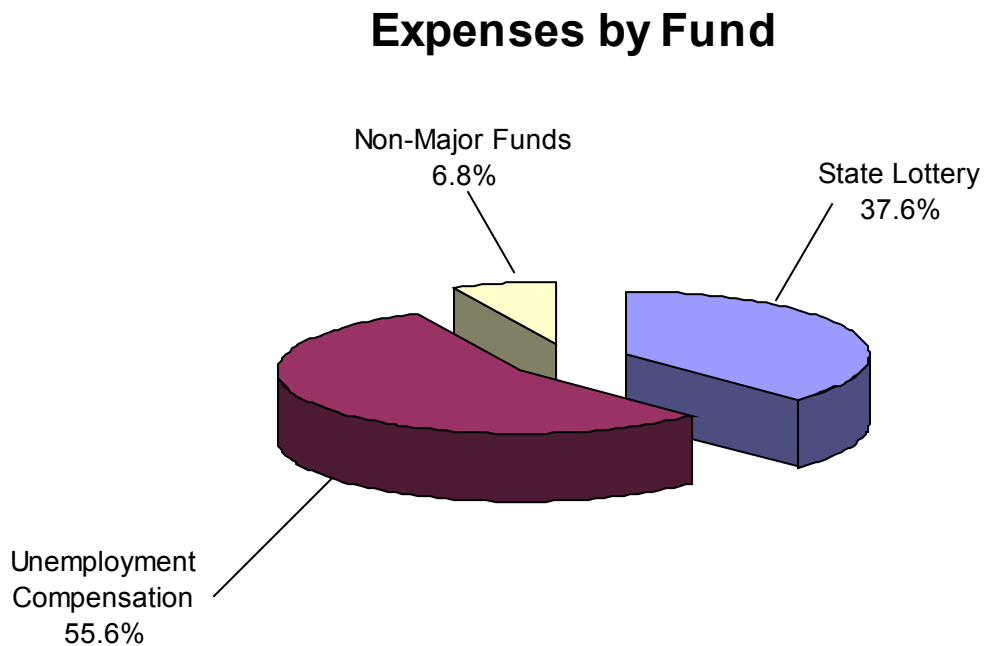
Business-Type Activities

Net assets of the business-type activities decreased by \$122 million during the fiscal year. Factors contributing to these results include increased spending for unemployment compensation and a decline in revenues from services.

The following chart depicts revenues of the business-type activities for the fiscal year:



The following chart depicts expenses of the business-type activities for the fiscal year:



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with statutory requirements for financial reporting.

As of the end of fiscal year 2002, the State's governmental funds reported combined ending fund balances of \$3.39 billion, an increase of \$203 million over fiscal year 2001. Approximately 67% of this amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other restricted purposes.

The general fund is the chief operating fund of the State. At the end of fiscal year 2002, unreserved fund balance of the general fund was \$621 million, while total fund balance reached \$1.19 billion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represent 6% of the total general fund expenditures, while total fund balance represents 12% of that same amount.

The fund balance of the general fund increased by \$203 million during fiscal year 2002. Total revenues for the general fund increased \$541 million. A key factor was an increase in Federal contributions revenue of \$472 million from fiscal year 2001. Of this increase, \$358 million can be attributed to the Title XIX Medicaid portion of the general fund. Total general fund expenditures increased by \$326 million. This is the result of an increase in Human Services expenditures of \$350 million and an increase in Education expenditures of \$67 million, while other expenditure categories decreased. The rate at which expenditures increased was limited through the Governor's use of withholdings as needed to match the revised revenue estimates and maintain a balanced budget.

Other fund balances for governmental funds are as follows:

Fund	Amount
Special Revenue	\$ 1,475,840
Debt Service	110,288
Capital Projects	571,597
Permanent	36,237

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to appropriations.

The difference in the original budget and the final budget for the general fund was an increase of \$450,039. This is summarized as follows:

- ♦ Refunds increased by \$48,341,
- ♦ Medicaid Supply Pool increased by \$93,000,
- ♦ Federal Reimbursement and Nursing Home Federal Reimbursement increased by \$117,075,
- ♦ Distribution Pass-Through increased by \$22,700,
- ♦ SEMA grant increased by \$20,700,
- ♦ Other miscellaneous increases.

Refer to the Notes to RSI, Budgetary Reporting, for more information on budgetary variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The State's investment in capital assets for its governmental and business type activities as of June 30, 2002, amounts to \$26,728,903 (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure. The total increase in the State's investment in capital assets for the current fiscal year was 1.05%.

	Governmental Activities	Business Activities	Total
Construction in Progress	\$ 637,191	\$ 2,817	\$ 640,008
Infrastructure in Progress	2,287,153	---	2,287,153
Land	2,258,148	10,098	2,268,246
Land Improvements	76,331	3,115	79,446
Buildings and Improvements	1,844,548	16,082	1,860,630
Equipment	1,135,894	41,401	1,177,295
Infrastructure	36,046,230	---	36,046,230
Total	\$ 44,285,495	\$ 73,513	\$ 44,359,008

Additional information on capital assets can be found in *Note 5* of this report.

Long-term debt. At the end of fiscal year 2002, the State had total bonded debt outstanding of \$2.8 billion. Of this amount, \$924 million comprises debt backed by the full faith and credit of the government.

	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 923,795	\$ ---	\$ 923,795
Other Bonds	1,054,415	832,711	1,887,126
Total	\$ 1,978,210	\$ 832,711	\$ 2,810,921

Additional information on long-term debt can be found in *Notes 10 and 11* of this report.

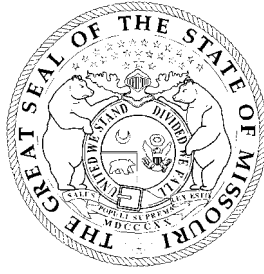
ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The fiscal year 2003 budget is conservatively based upon the General Revenue Fund's collections of \$6 billion, net of refunds.

As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The economic outlook is for a slowly growing economy in fiscal year 2003. Missouri's personal income, which directly impacts individual income tax and sales tax, rose at a 3.5% rate during calendar year 2001. Missouri's employment stood at 2,853,193 at the end of June 2002. At the end of June 2002, the state unemployment rate was 5.5% compared to 4.3% at the end of June 2001. The national rate was 5.9% at June 30, 2002.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Administration, Division of Accounting, P.O. Box 809, Jefferson City, MO 65102.



*The **Basic Financial Statements** include the Government-Wide Financial Statements, the Governmental Fund Financial Statements, the Proprietary Fund Financial Statements, the Fiduciary Fund Financial Statements, the Component Unit Financial Statements and the accompanying notes to the statements.*

STATE OF MISSOURI
COMBINED STATEMENT OF NET ASSETS
June 30, 2002
(In Thousands of Dollars)

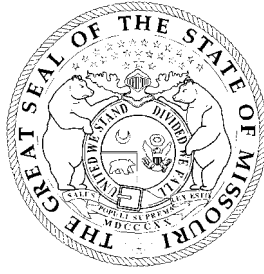
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents (Note 3)	\$ 2,846,529	\$ 359,943	\$ 3,206,472	\$ 366,451
Investments (Note 3)	76,606	90,822	167,428	1,151,829
Receivables, Net	1,862,255	95,105	1,957,360	390,118
Due from Other Funds (Note 13)	19,543	---	19,543	---
Due from Component Units (Note 13)	4,937	---	4,937	---
Internal Balances	60	(60)	---	---
Inventory	61,871	1,479	63,350	35,161
Advance to Primary Government (Note 13)	---	---	---	69,005
Deposits and Prepaid Expenses	177	190	367	11,078
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	214,702	---	214,702	80,310
Investments (Note 3)	---	---	---	45,499
Receivables	1	---	1	---
Deferred Costs and Other Assets	2,504	---	2,504	16,234
Assets Held for Resale	---	115	115	---
Capital Assets, Net (Note 5)	26,693,780	35,123	26,728,903	2,570,676
Total Assets	31,782,965	582,717	32,365,682	4,736,361
Liabilities				
Bank Overdraft (Note 3)	6	---	6	---
Payables	1,105,650	141,577	1,247,227	305,281
Securities Lending Collateral (Note 3)	---	---	---	56,974
Due to Other Funds (Note 13)	23,072	8,680	31,752	---
Due to Primary Government (Note 13)	---	---	---	4,937
Deferred Revenue	131,959	615	132,574	98,250
Advance from Other Funds (Note 13)	111,148	---	111,148	---
Long-Term Liabilities (Note 10):				
Due within one year	277,656	11,814	289,470	46,904
Due in more than one year	2,405,254	70,616	2,475,870	843,511
Total Liabilities	4,054,745	233,302	4,288,047	1,355,857
Net Assets				
Invested in Capital Assets, Net of Related Debt	26,458,387	35,095	26,493,482	1,857,202
Restricted for:				
Budget Reserve	471,048	---	471,048	---
Debt Service	110,288	---	110,288	---
Loans Receivable	380,572	---	380,572	---
Unemployment Compensation	---	348,368	348,368	---
Permanent Trusts:				
Expendable	110	---	110	---
Non-Expendable	36,127	---	36,127	---
Colleges and Universities	---	---	---	830,159
Other Purposes	---	10,298	10,298	4,953
Unrestricted	271,688	(44,346)	227,342	688,190
Total Net Assets	\$ 27,728,220	\$ 349,415	\$ 28,077,635	\$ 3,380,504

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 908,592	\$ 705,154	\$ 30,865	\$ ---	\$ (172,573)	\$ ---	\$ (172,573)	\$ ---
Education	4,550,990	1,771	749,205	---	(3,800,014)	---	(3,800,014)	---
Natural and Economic	574,717	251,740	297,498	---	(25,479)	---	(25,479)	---
Transportation and Law Enforcement	1,915,697	122,922	988,874	---	(803,901)	---	(803,901)	---
Human Services	8,093,493	601,769	4,375,076	7,722	(3,108,926)	---	(3,108,926)	---
Intergovernmental	586,698	---	---	---	(586,698)	---	(586,698)	---
Interest on Debt	133,194	247	---	---	(132,947)	---	(132,947)	---
Total Governmental Activities	<u>16,763,381</u>	<u>1,683,603</u>	<u>6,441,518</u>	<u>7,722</u>	<u>(8,630,538)</u>	<u>---</u>	<u>(8,630,538)</u>	<u>---</u>
Business-Type Activities:								
State Lottery Fund	433,287	592,473	---	---	---	159,186	159,186	---
Unemployment Compensation Fund	642,045	---	506,053	---	---	(135,992)	(135,992)	---
Non-Major Funds	<u>78,542</u>	<u>45,791</u>	<u>18,755</u>	<u>---</u>	<u>---</u>	<u>(13,996)</u>	<u>(13,996)</u>	<u>---</u>
Total Business-Type Activities	<u>1,153,874</u>	<u>638,264</u>	<u>524,808</u>	<u>---</u>	<u>---</u>	<u>9,198</u>	<u>9,198</u>	<u>---</u>
Total Primary Government	<u>\$ 17,917,255</u>	<u>\$ 2,321,867</u>	<u>\$ 6,966,326</u>	<u>\$ 7,722</u>	<u>(8,630,538)</u>	<u>9,198</u>	<u>(8,621,340)</u>	<u>---</u>
Component Units:								
Colleges and Universities	\$ 2,380,248	\$ 1,191,372	\$ 413,642	\$ 38,212	---	---	---	(737,022)
Non-Major Component Units	<u>5,180</u>	<u>3,361</u>	<u>1,276</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(543)</u>
Total Component Units	<u>\$ 2,385,428</u>	<u>\$ 1,194,733</u>	<u>\$ 414,918</u>	<u>\$ 38,212</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(737,565)</u>
General Revenues:								
Taxes:								
Sales and Use					2,650,692	---	2,650,692	---
Individual Income					4,169,479	---	4,169,479	---
Corporate Income					418,388	---	418,388	---
County Foreign Insurance					149,908	---	149,908	---
Alcoholic Beverage					24,561	---	24,561	---
Corporate Franchise					19,480	---	19,480	---
Inheritance					127,888	---	127,888	---
Miscellaneous Taxes					1,048,594	---	1,048,594	---
Grants and Contributions not Restricted to Specific Programs					1,931	---	1,931	23,092
Unrestricted Investment Earnings					98,626	24,572	123,198	29,159
Gain (Loss) on Sale of Capital Assets					(4,972)	192	(4,780)	(792)
Transfers					<u>(597,350)</u>	<u>(156,012)</u>	<u>(753,362)</u>	<u>753,362</u>
Total General Revenues and Transfers					<u>8,107,225</u>	<u>(131,248)</u>	<u>7,975,977</u>	<u>804,821</u>
Change in Net Assets					<u>(523,313)</u>	<u>(122,050)</u>	<u>(645,363)</u>	<u>67,256</u>
Net Assets - Beginning (Note 15)					<u>28,251,533</u>	<u>471,465</u>	<u>28,722,998</u>	<u>3,313,248</u>
Net Assets - Ending					<u>\$ 27,728,220</u>	<u>\$ 349,415</u>	<u>\$ 28,077,635</u>	<u>\$ 3,380,504</u>

The notes to the financial statements are an integral part of this statement.



*The **Governmental Funds** focus on current financial resources.*

Governmental Fund Financial Statements

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

See the General Fund Combining Statements presented after Required Supplementary Information (RSI) for listings of all funds included in the General Fund.

Major Special Revenue Fund Categories:

Public Education – Provide general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – Provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

The State has numerous individual Special Revenue Funds, therefore, the funds have been combined into specific functional areas. See the following pages for a listing of the individual funds which make up our Major Special Revenue Fund categories.

Major Capital Projects Fund:

State Road – Accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

Non-Major Funds

Non-Major Governmental Funds are presented in the Combining and Individual Fund Statements and Schedules for non-major funds after Required Supplementary Information (RSI).

Special Revenue – Public Education: Provides general and special education needs of the State and other related areas such as library services and student loans.

Marguerite Ross Barnett Scholarship – Accounts for money refunded from scholarships to be reissued.

School District Bond – Accounts for moneys to be used by the Missouri Health and Educational Facilities Authority for the issuance of school district bonds.

Missouri Student Grant Program Gift – Accounts for moneys received from private sources to be used for student grants.

School Building Revolving – Accounts for moneys transferred from the Gaming Proceeds for Education Fund to be used for loans to school districts for specific capital improvement projects.

Gaming Proceeds for Education – Accounts for proceeds of taxes paid and interest earned from taxes paid on the gross receipts of excursion boat gambling to be used for education.

Outstanding Schools Trust – Accounts for moneys to be used to revise the mechanism which distributes basic state aid to schools and for various education programs.

Bingo Proceeds for Education – Accounts for fees and taxes collected relating to bingo to be used for education.

Lottery Proceeds – Accounts for the net proceeds from the State Lottery to be used for public institutions of elementary, secondary and higher education.

Missouri Community College Job Training Program – Accounts for moneys to be used for the New Jobs Training Program administered by the Department of Economic Development.

Professional and Practical Nursing Student Loan and Nurse Loan Repayment – Moneys will be used to make student loans to nursing students and for the repayment of principal and interest for students who work in specified areas of nursing.

Video Instructional Development and Educational Opportunity – Accounts for sales tax revenues on rental of sound or picture transcriptions and used for instructional television programming.

Missouri Job Development – Accounts for moneys from any source and used for vocational training or retraining.

State School Money – Accounts for funds distributed to public school districts.

Department of Social Services Educational Improvement – Accounts for moneys from the Department of Elementary and Secondary Education and is used for school foundation money for children placed in Division of Youth Services' custody.

State Seminary Money – Accounts for interest earnings to be spent for maintenance of the State university.

State Guaranty Student Loan – Accounts for funds from any source to assist students in financing their education.

Excellence in Education – Accounts for moneys to be spent for education programs.

Missouri Prospective Teachers Loan – Accounts for funds from any source to assist students in financing their education to become teachers.

Fair Share – Accounts for additional tax on cigarettes for distribution to schools.

School District Trust – Accounts for sales tax moneys to be distributed to the public school districts of the State.

GEAR UP Scholarship – Accounts for moneys to be used for awarding scholarships who meet the requirements of the GEAR UP for Education Program.

Library Networking – Accounts for bequests received to be used for library networking expenses.

Student Grant – Accounts for moneys used to provide financial aid to eligible students.

Academic Scholarship – Accounts for moneys to be used to provide scholarships based on academic ability.

Bridge Scholarship – Accounts for moneys transferred from General Revenue to fund scholarships of up to \$1,500 for eligible students who demonstrate financial need.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Recall Account – Accounts for Federal recalled reserve funds. The Coordinating Board for Higher Education will transfer an amount equal to 20% of the total recalled reserve to this fund. These funds cannot be withdrawn without the U.S. Department of Education's written approval.

U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account – Accounts for moneys earned on and transferred from the U.S. Department of Education P.L. 105-33 Recall Account Fund. The moneys are used for the sole purpose of performing default reduction activities applicable to the Title IV student loan programs.

Advantage Missouri Trust – Accounts for moneys to provide loans and loan forgiveness programs.

Missouri College Guarantee – Accounts for moneys transferred from the Gaming Commission Fund to be used by the Coordinating Board for Higher Education for awarding scholarships to eligible students.

Early Childhood Development Education and Care – Accounts for moneys transferred from the Gaming Commission Fund to be used for programs that prepare children for kindergarten.

Kids Chance Scholarship – Accounts for moneys transferred from the Workers' Compensation Fund to be used for children of job injured workers.

Guaranty Agency Operating – Accounts for moneys transferred from the State Guaranty Student Loan Fund to be used for administrative purposes.

Federal Student Loan Reserve – To account for moneys to pay lender claims.

Secretary of State – Wolfner State Library – Accounts for moneys to be used to ensure library services to the eligible blind and physically handicapped residents of the State.

Special Revenue – Conservation and Environmental Protection: Provides for the preservation of the State's wildlife and environment.

Missouri Air Emission Reduction – Accounts for fees collected under the Emissions Inspections Program.

Natural Resources Protection – Accounts for moneys collected for examinations, applications, certifications and inspections used for the purpose of protecting the air, water and land resources of the State.

Natural Resources Protection – Water Pollution Permit Fee Subaccount – Accounts for moneys to be used for the protection of State water.

Solid Waste Management – Scrap Tire Subaccount – Accounts for moneys to be used for the protection of the State's public health and safety in regards to the disposition of scrap tires.

Solid Waste Management – Accounts for moneys used to promote the development of markets for recovered materials and other activities to protect the environment.

Metallic Minerals Waste Management – Accounts for moneys collected from any forfeiture of a financial assurance instrument, civil penalties collected and administrative penalties collected for the safe disposal of waste from metallic minerals.

Natural Resources Protection – Air Pollution Asbestos Fee Subaccount – Accounts for moneys to be used to administer requirements relating to asbestos abatement projects that protect public health and the environment.

Underground Storage Tank Regulation Program – Accounts for fees collected for registration of underground storage tanks and used for costs related to their regulation.

Chemical Emergency Preparedness – Accounts for moneys provided to the Missouri Response Commission and Department of Natural Resources for expenses of the commission.

Natural Resources Protection – Air Pollution Permit Fee Subaccount – Accounts for moneys to be used to protect the air, water and land resources of the State.

Water and Wastewater Loan Revolving – Accounts for loans and loan repayments under the Wastewater Loan Program.

Conservation Commission – Accounts for fees and a special sales tax used to administer laws and regulations pertaining to forestry and wildlife resources.

Parks Sales Tax – Accounts for sales tax moneys spent to control, manage and regulate State parks.

Soil and Water Sales Tax – Accounts for sales tax moneys used for the conservation and management of the soil and water resources of the State.

Water and Wastewater Loan – Accounts for moneys from any source received for wastewater construction loans.

Groundwater Protection – Accounts for fees collected for permits and is used for the administration and enforcement of water well drillers' laws.

Energy Set-Aside Program – Accounts for moneys appropriated and any gifts, grants and bequests. These moneys are loaned to public school districts to implement energy conservation projects.

State Land Survey Program – Accounts for fees collected from State recorders and used for land survey programs.

Petroleum Violation Escrow – Accounts for fines collected from petroleum companies for petroleum violations and is used for energy programs.

Hazardous Waste – Accounts for moneys from fees and permits and from any other source for hazardous waste management and cleanup.

Safe Drinking Water – Accounts for fees and grants from any source for the administration of safe drinking water laws.

Coal Mine Land Reclamation – Accounts for fees assessed on the amount of coal processed and is used to restore the land.

Hazardous Waste Remedial – Accounts for moneys from fees, penalties and from any other source for administering hazardous waste services.

Missouri Air Pollution Control – Accounts for fees collected from automobile emissions inspection stations and is used for air pollution control programs.

Meramec-Onondaga State Parks – Accounts for proceeds from the sale of this land by the federal government and is used for the support and maintenance of these parks by the State.

Oil and Gas Remedial – Accounts for the proceeds from the sale of illegal oil products and used for costs of administering these laws.

Concentrated Animal Feeding Operation Indemnity – Accounts for moneys to be used to close concentrated animal feeding operation waste water lagoons.

Missouri Alternative Fuel Vehicle Loan – Accounts for moneys to be used to issue loans to political subdivisions in order to purchase new vehicles capable of using alternative fuels.

Petroleum Violation Escrow Interest Subaccount – Accounts for interest earnings to be used for administrative costs of energy programs.

Dry-Cleaning Environmental Response Trust – Accounts for moneys received from surcharges, fees, gifts, bequests, donations and moneys recovered by the State to be used to protect human health and natural resources.

Mined Land Reclamation – Accounts for fees, forfeiture of bonds, penalties and gifts and used for the administration and enforcement of these laws.

Babler State Park – Accounts for assets donated, bequeathed, or devised to the State for the benefit of the Doctor Edmund A. Babler Memorial State Park used solely for the maintenance and development of this park.

Special Revenue – Transportation and Law Enforcement: Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

Peace Officer Standards and Training Commission – Accounts for fees assessed as court costs to be used for training peace officers or other law enforcement employees.

Transportation Department Grade Crossing Safety Account – Accounts for moneys to be used to improve safety at the crossings of public roads with railroad tracks.

Highway Patrol Inspection – Accounts for fees collected for certificates of inspection and approval used by the State Highway Patrol for administration and enforcement of the various motor vehicle inspection programs.

Firing Range Fee – Accounts for fees collected from law enforcement agencies for use of the firing range operated by the Department of Public Safety to be used for its operations.

Highway Department – Accounts for fees paid by highway users to operate the Highway Commission and the Department of Transportation. Also used to administer and enforce State motor vehicle laws or traffic regulations.

Railroad Expense – Accounts for assessments used to administer and enforce railroad regulations.

Motor Fuel Tax – Accounts for motor fuel taxes to be distributed to other governments and to the Department of Transportation Funds.

Highway Patrol Academy – Accounts for fees charged for the training of peace officers and is used solely for the maintenance and operation of the Highway Patrol Academy.

State Transportation – Accounts for moneys from sales taxes and other sources to be used for State transportation purposes other than construction or maintenance of roads.

Highway Patrol's Motor Vehicle and Aircraft Revolving – Accounts for proceeds from government agencies to be used solely for the purchase of Highway Patrol vehicles or aircraft.

Light Rail Safety – Accounts for moneys to be used for paying the costs of enforcing the rules relating to the safe operation, maintenance and use of light rail, and the construction of light rail-highway crossings.

State Transportation Assistance Revolving – Accounts for moneys to be used for loans for the development of transportation of elderly or handicapped persons or the purchase of rolling stock for transit purpose.

Aviation Trust – Accounts for fuel taxes not refunded to the users of fuel used in aircraft engines. These moneys are used as matching funds for the preventive maintenance of runways, taxiways, aprons and safety-related items.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2002
ASSETS							
Cash and Cash Equivalents (Note 3)	\$ 1,028,997	\$ 296,128	\$ 370,485	\$ 64,267	\$ 510,638	\$ 492,167	\$ 2,762,682
Investments (Note 3)	5,295	1,457	336	164	---	45,938	53,190
Accounts Receivable, Net	1,179,401	53,947	17,429	95,723	92,238	16,773	1,455,511
Interest Receivable	7,206	1,270	1,848	381	2,632	1,917	15,254
Due from Other Funds (Note 13)	---	8,260	---	---	2,508	---	10,768
Due from Component Units (Note 13)	---	---	4,937	---	---	---	4,937
Inventory	18,252	68	989	4,319	27,469	203	51,300
Loans Receivable	---	---	376,930	2,592	---	1,050	380,572
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	8,789	---	---	---	43,976	---	52,765
Receivables	1	---	---	---	---	---	1
Total Assets	\$ 2,247,941	\$ 361,130	\$ 772,954	\$ 167,446	\$ 679,461	\$ 558,048	\$ 4,786,980
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 644,892	\$ 43,400	\$ 1,912	\$ 4,090	\$ 139,651	\$ 3,254	\$ 837,199
Accrued Payroll	55,736	562	4,349	17,980	---	2,646	81,273
Due to Other Funds (Note 13)	19,344	125	992	1,425	---	748	22,634
Deferred Revenue	289,051	16,298	7,737	577	29,424	4,099	347,186
Advance from Other Funds (Note 13)	45,345	---	---	---	---	---	45,345
Advance from Component Units (Note 13)	---	---	---	---	65,803	---	65,803
Matured Bonds Payable	---	---	---	---	---	5	5
Payable from Restricted Assets	44	---	---	---	---	---	44
Total Liabilities	1,054,412	60,385	14,990	24,072	234,878	10,752	1,399,489
Fund Balances:							
Reserved for:							
Budget Reserve	471,048	---	---	---	---	---	471,048
Inventory	18,252	68	989	4,319	27,469	203	51,300
Future Distribution	83,078	---	---	---	---	---	83,078
Taxes	439	---	---	---	---	---	439
Debt Service	---	---	---	---	---	110,288	110,288
Loans Receivable	---	---	376,930	2,592	---	1,050	380,572
Trust Principal	---	---	---	---	---	36,127	36,127
Unreserved, Reported In:							
General Fund	620,712	---	---	---	---	---	620,712
Special Revenue Funds	---	300,677	380,045	136,463	---	272,504	1,089,689
Capital Projects Funds	---	---	---	---	417,114	127,014	544,128
Permanent Funds	---	---	---	---	---	110	110
Total Fund Balances	1,193,529	300,745	757,964	143,374	444,583	547,296	3,387,491
Total Liabilities and Fund Balances	\$ 2,247,941	\$ 361,130	\$ 772,954	\$ 167,446	\$ 679,461	\$ 558,048	\$ 4,786,980

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
For the Year Ended June 30, 2002
(In Thousands of Dollars)**

Total Fund Balances – Governmental Funds	\$	3,387,491
--	----	-----------

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and they are not reported in the funds. These assets consist of (Note 5):

Construction in Progress	624,633	
Infrastructure in Progress	2,287,153	
Land	2,249,532	
Land Improvements	73,472	
Buildings and Improvements	1,603,648	
Equipment	1,057,062	
Infrastructure	36,046,230	
Accumulated Depreciation	(17,416,613)	
		26,525,117

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1).		241,742
---	--	---------

Bonds issued by the State have associated cost that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.		2,504
---	--	-------

Refunds for taxes and other revenues that are not payable in the current period are not reported in the funds.		(69,591)
--	--	----------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 10 and 11):

Due to Other Entities	(20,151)	
General Obligation and Revenue Bonds	(1,978,210)	
Capital Leases	(229,674)	
Compensated Absences	(153,788)	
Claims and Judgements	(280,293)	
Accrued Interest on Bonds	(30,201)	
Unamortized Bond Premium	(11,891)	
		(2,704,208)

Internal Service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		345,165
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Net Assets of Governmental Activities	\$	27,728,220
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The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road	Non-Major Funds	Totals June 30, 2002
Revenues:							
Taxes	\$ 6,747,449	\$ 971,066	\$ 161,315	\$ 681,216	\$ 139,603	\$ 95,172	\$ 8,795,821
Licenses, Fees and Permits	65,145	372	69,182	172,157	95,987	141,083	543,926
Sales	1,442	14	8,517	4,877	---	1,238	16,088
Leases and Rentals	425	---	111	196	---	---	732
Services	151,998	---	---	---	---	234	152,232
Contributions and Intergovernmental	5,509,418	37,240	66,881	331	809,268	12,699	6,435,837
Investment Earnings:							
Net Decrease in the Fair Value of Investments	---	---	---	---	---	(3,281)	(3,281)
Interest	54,767	10,971	11,063	3,247	12,146	14,006	106,200
Penalties and Unclaimed Properties	2,250	904	808	400	---	15,589	19,951
Cost Reimbursement/ Miscellaneous	499,531	34,551	3,138	424	54,592	191,615	783,851
Total Revenues	13,032,425	1,055,118	321,015	862,848	1,111,596	468,355	16,851,357
Expenditures:							
Current:							
General Government	442,673	46	1,393	56,025	---	21,714	521,851
Education	1,090,274	3,448,006	---	1,127	---	5,536	4,544,943
Natural and Economic Resources	233,735	16,294	126,000	4,533	---	155,632	536,194
Transportation and Law Enforcement	130,802	---	312	459,467	245,101	26,108	861,790
Human Services	7,817,092	20,636	204	---	---	150,091	7,988,023
Capital Outlay:							
Current Expenditures	106,943	2,828	27,588	12,073	1,080,025	32,424	1,261,881
Capital Lease Purchases	12,421	---	---	175	34,295	208	47,099
Debt Service:							
Principal	22,078	---	17	284	6,610	55,442	84,431
Interest	32,340	---	44	55	18,892	50,908	102,239
Arbitrage Rebates	---	---	---	---	102	---	102
Bond Issuance Costs	32	---	---	---	2,472	---	2,504
Intergovernmental	184,534	386	90,338	193,055	81,381	21,958	571,652
Total Expenditures	10,072,924	3,488,196	245,896	726,794	1,468,878	520,021	16,522,709
Excess Revenues (Expenditures)	2,959,501	(2,433,078)	75,119	136,054	(357,282)	(51,666)	328,648
Other Financing Sources (Uses):							
Proceeds from Capital Leases	12,421	---	---	175	34,295	208	47,099
Proceeds from General Obligation/Other Bonds	---	---	---	---	403,000	---	403,000
Proceeds from Fixed Asset Sale	---	---	---	---	6,935	---	6,935
Bond Premium	---	---	---	---	11,891	---	11,891
Operating Transfers In (Note 14)	272,831	2,417,999	9,043	8,979	165,250	137,683	3,011,785
Operating Transfers Out (Note 14)	(2,370,741)	(3,173)	(6,922)	(168,839)	---	(305,620)	(2,855,295)
Operating Transfers Out to Component Units (Note 14)	(674,135)	(79,261)	---	---	---	---	(753,396)
Total Other Financing Sources (Uses)	(2,759,624)	2,335,565	2,121	(159,685)	621,371	(167,729)	(127,981)
Excess Revenues and Other Sources (Expenditures and Other Uses)	199,877	(97,513)	77,240	(23,631)	264,089	(219,395)	200,667
Fund Balances – Beginning (Note 15)	990,412	398,269	680,954	167,610	180,494	766,630	3,184,369
Increase (Decrease) in Reserve for Inventory	3,240	(11)	(230)	(605)	---	61	2,455
Fund Balances – Ending	\$ 1,193,529	\$ 300,745	\$ 757,964	\$ 143,374	\$ 444,583	\$ 547,296	\$ 3,387,491

The notes to the financial statements are an integral part of this statement.

**STATE OF MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES IN
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2002
(In Thousands of Dollars)**

Net Change in Fund Balances – Total Governmental Funds	\$	200,667
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Amounts reported for governmental activities in the statement of activities are different because:

Inventories, which are recorded under the purchases method for governmental fund reporting, are reported under the consumption approach on the Statement of Activities. As a result of this change, the Increase in Reserve for Inventories on the fund statement has been reclassified as a functional expense on the government-wide statement.		2,455
---	--	-------

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays \$1,297,461 exceeds depreciation \$1,113,371 in the current period (Note 5).		184,090
--	--	---------

Only the gain (loss) on the sale is reported in the statement of activities, whereas in the governmental funds, the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the cost of the item sold.		(11,567)
--	--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(193,229)
--	--	-----------

Proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. In governmental funds, repayment of principal is an expenditure, but the repayment reduces long-term liabilities in the statement of net assets (Notes 6 and 11).

Bonds Issued	(403,000)	
Bond Premiums and Issuance Costs	(9,387)	
Bond Principal Payments	68,785	
Capital Leases Issued	(47,099)	
Capital Lease Payments	<u>15,646</u>	
		(375,055)

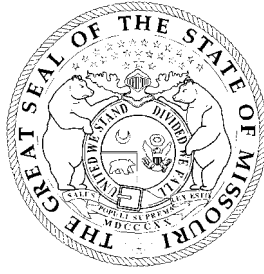
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Notes 10 and 11).

Net Increase in Accrued Interest	(30,201)	
Decrease in Due to Other Entities	575	
Decrease in Compensated Absences	4,517	
Claims and Judgements	<u>(280,293)</u>	
		(305,402)

Internal Service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue and expense of certain Internal Service funds are reported with governmental activities.		<u>(25,272)</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>(523,313)</u></u>
---	----	-------------------------

The notes to the financial statements are an integral part of this statement.



*The **Proprietary Funds** focus on economic resources and are operated in a manner similar to private business enterprises.*

Proprietary Fund Financial Statements

Major Funds

State Lottery – Accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – Accounts for contributions and payments collected under the provisions of the “Unemployment Compensation Law” to pay benefits.

Non-Major Funds

Non-Major Enterprise Funds and all Internal Service Funds are presented in our combining non-major fund financial statements after Required Supplementary Information (RSI).

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2002
(In Thousands of Dollars)

	Business-Type Activities – Enterprise Funds				
	Major			Totals	Governmental
	State Lottery Fund	Unemployment Compensation	Non-Major Funds	June 30, 2002	Activities – Internal Service
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 3)	\$ 16,806	\$ 297,728	\$ 45,409	\$ 359,943	\$ 83,847
Investments (Note 3)	10,130	---	---	10,130	23,416
Accounts Receivable, Net	23,816	67,752	3,106	94,674	10,636
Interest Receivable	84	---	202	286	282
Due from Other Funds (Note 13)	---	---	---	---	8,804
Inventories	---	---	1,479	1,479	10,571
Prepaid Items	109	---	81	190	177
Loans Receivable	---	---	145	145	---
Non-Current Assets:					
Restricted Cash and Cash Equivalents (Note 3)	---	---	---	---	161,937
Investments and Assets Held for Resale	80,692	---	115	80,807	---
Capital Assets (Note 5):					
Construction in Progress	---	---	2,817	2,817	12,558
Land	353	---	9,745	10,098	8,616
Land Improvements	---	---	3,115	3,115	2,859
Buildings	4,292	---	11,790	16,082	240,900
Equipment	15,904	---	25,497	41,401	78,832
Less Accumulated Depreciation (Note 5)	(14,636)	---	(23,754)	(38,390)	(175,102)
Total Capital Assets (Net of Accumulated Depreciation)	5,913	---	29,210	35,123	168,663
Total Assets	137,550	365,480	79,747	582,777	468,333
LIABILITIES					
Current Liabilities:					
Bank Overdraft (Note 3)	---	---	---	---	6
Accounts Payable	32,378	17,112	90,783	140,273	85,769
Accrued Payroll	273	---	1,031	1,304	1,564
Due to Other Funds (Note 13)	8,345	---	335	8,680	467
Deferred Revenue	---	---	615	615	26,519
Grand Prize Winner Liability (Note 10)	10,198	---	---	10,198	---
Obligations under Lease Purchase (Note 10)	---	---	1	1	2,130
Compensated Absences (Note 10)	465	---	1,150	1,615	2,739
Non-Current Liabilities:					
Grand Prize Winner Liability (Note 10)	70,326	---	---	70,326	---
Obligations under Lease Purchase (Note 10)	---	---	27	27	3,589
Compensated Absences (Note 10)	76	---	187	263	445
Total Liabilities	122,061	17,112	94,129	233,302	123,228
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	5,913	---	29,182	35,095	162,944
Restricted for:					
Unemployment Compensation	---	348,368	---	348,368	---
Other Purposes	10,298	---	---	10,298	---
Unrestricted	(722)	---	(43,564)	(44,286)	182,161
Total Net Assets	\$ 15,489	\$ 348,368	\$ (14,382)	\$ 349,475	\$ 345,105
Total Net Assets Reported Above				\$ 349,475	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds				(60)	
Net Assets of Business-Type Activities				\$ 349,415	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Business-Type Activities – Enterprise Funds				
	Major			Totals	Governmental
	State Lottery Fund	Unemployment Compensation	Non-Major Funds	June 30, 2002	Activities – Internal Service
Operating Revenues:					
Employer Contributions	\$ ---	\$ 273,635	\$ ---	\$ 273,635	\$ 307,108
Employee Contributions	---	---	---	---	125,619
Licenses, Fees and Permits	284	---	24,379	24,663	243
Sales	585,189	---	5,857	591,046	24,284
Leases and Rentals	---	---	2,914	2,914	16,970
Charges for Services	---	---	12,367	12,367	108,788
Cost Reimbursement/Miscellaneous	331	---	544	875	7,273
Total Operating Revenues	<u>585,804</u>	<u>273,635</u>	<u>46,061</u>	<u>905,500</u>	<u>590,285</u>
Operating Expenses:					
Cost of Goods Sold	13,290	---	923	14,213	12,234
Personal Service	8,395	---	33,016	41,411	51,229
Operations	46,573	---	14,919	61,492	89,328
Prizes Expense	353,075	---	---	353,075	---
Inventories	---	---	3,888	3,888	1,658
Specific Programs	---	---	21,382	21,382	6,681
Insurance Benefits	---	---	---	---	437,987
Unemployment Benefits	---	642,045	---	642,045	---
Depreciation	1,810	---	3,654	5,464	11,302
Other Charges	10,122	---	633	10,755	2,067
Total Operating Expenses	<u>433,265</u>	<u>642,045</u>	<u>78,415</u>	<u>1,153,725</u>	<u>612,486</u>
Operating Income (Loss)	<u>152,539</u>	<u>(368,410)</u>	<u>(32,354)</u>	<u>(248,225)</u>	<u>(22,201)</u>
Non-Operating Revenues (Expenses):					
Contributions and Intergovernmental	---	232,418	18,755	251,173	15
Interest Expense	---	---	(3)	(3)	(653)
Investment Earnings:					
Net Increase in the Fair Value of Investments	2,061	---	---	2,061	34
Interest	674	20,277	1,560	22,511	2,363
Penalties and Unclaimed Properties	---	---	1	1	1
Disposal of Fixed Assets	107	---	85	192	(340)
Miscellaneous Revenues	6,669	---	8	6,677	---
Total Non-Operating Revenues (Expenses)	<u>9,511</u>	<u>252,695</u>	<u>20,406</u>	<u>282,612</u>	<u>1,420</u>
Income (Loss) Before Transfers	<u>162,050</u>	<u>(115,715)</u>	<u>(11,948)</u>	<u>34,387</u>	<u>(20,781)</u>
Operating Transfers In	---	---	7,820	7,820	---
Operating Transfers Out	<u>(161,190)</u>	<u>---</u>	<u>(3,007)</u>	<u>(164,197)</u>	<u>(5,019)</u>
Change in Net Assets	860	(115,715)	(7,135)	(121,990)	(25,800)
Total Net Assets – Beginning (Note 15)	14,629	464,083	(7,247)	471,465	370,913
Residual Equity Transfers Out (Note 17)	---	---	---	---	(8)
Total Net Assets – Ending	<u>\$ 15,489</u>	<u>\$ 348,368</u>	<u>\$ (14,382)</u>	<u>\$ 349,475</u>	<u>\$ 345,105</u>
Total Net Change in Net Assets Reported Above				\$ (121,990)	
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds				(60)	
Change in Net Assets of Business-Type Activities				<u>\$ (122,050)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Business-Type Activities – Enterprise Funds				
	Major			Totals	Governmental Activities – Internal Service
	State Lottery Fund	Unemployment Compensation	Non-Major Funds	June 30, 2002	
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 584,975	\$ ---	\$ 48,842	\$ 633,817	\$ 606,634
Receipts from Interfund Services Provided	1,071	---	---	1,071	---
Receipts from Employer Contributions	---	268,480	---	268,480	---
Payments to Suppliers	(13,162)	---	(19,961)	(33,123)	(529,920)
Payments to Employees	(8,397)	---	(33,483)	(41,880)	(51,177)
Payments Made for Program Expense	(399,648)	---	(16,984)	(416,632)	(6,650)
Payments for Unemployment Benefits	---	(635,575)	---	(635,575)	---
Other Receipts (Payments)	(10,122)	---	(888)	(11,010)	3,924
Net Cash Provided (Used) by Operating Activities	154,717	(367,095)	(22,474)	(234,852)	22,811
Cash Flows from Non-Capital Operating Activities:					
Due to/from Other Funds	---	---	(49)	(49)	36
Contributions and Intergovernmental	---	232,418	18,755	251,173	15
Transfers to/from Other Funds	(161,190)	---	4,813	(156,377)	(5,019)
Other Receipts	6,669	---	37	6,706	---
Net Cash Provided (Used) by Non-Capital Operating Activities	(154,521)	232,418	23,556	101,453	(4,968)
Cash Flows from Capital and Related Financing Activities:					
Interest Expense	---	---	(3)	(3)	(653)
Purchases and Construction of Capital Assets	(590)	---	(4,961)	(5,551)	(17,351)
Capital Lease Downpayment/Obligations	---	---	(2)	(2)	(3,272)
Disposal of Capital Assets	116	---	103	219	(340)
Net Cash Used by Capital and Related Financing Activities	(474)	---	(4,863)	(5,337)	(21,616)
Cash Flows from Investing Activities:					
Proceeds from Investment Maturities	659	---	---	659	501,369
Purchase of Investments	---	---	---	---	(501,232)
Interest and Dividends Received	756	20,277	1,788	22,821	2,420
Other Receipts	---	---	9	9	1
Net Cash Provided by Investing Activities	1,415	20,277	1,797	23,489	2,558
Net Increase (Decrease) in Cash	1,137	(114,400)	(1,984)	(115,247)	(1,215)
Cash and Cash Equivalents, Beginning of Year	15,669	412,128	47,393	475,190	246,993
Cash and Cash Equivalents, End of Year	\$ 16,806	\$ 297,728	\$ 45,409	\$ 359,943	\$ 245,778

**Reconciliation of Operating Income of Net Cash
Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ 152,539	\$ (368,410)	\$ (32,354)	\$ (248,225)	\$ (22,201)
Depreciation Expense	1,810	---	3,654	5,464	11,302
Changes in Assets and Liabilities:					
Accounts Receivable	(829)	(5,155)	2,523	(3,461)	5,621
Due from Other Funds	---	---	---	---	4,135
Inventories	---	---	(301)	(301)	1,725
Prepaid Items	159	---	(27)	132	(141)
Accounts Payable	(31)	6,470	4,075	10,514	7,904
Accrued Payroll	(11)	---	(162)	(173)	462
Due to Other Funds	1,071	---	---	1,071	---
Deferred Revenue	---	---	424	424	14,443
Compensated Absences Payable	9	---	(306)	(297)	(439)
Net Cash Provided (Used) by Operating Activities	<u>\$ 154,717</u>	<u>\$ (367,095)</u>	<u>\$ (22,474)</u>	<u>\$ (234,852)</u>	<u>\$ 22,811</u>

Non-Cash Financing Activities:

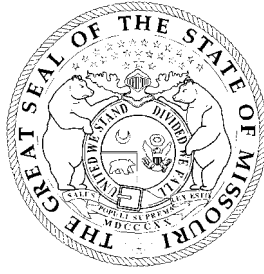
During fiscal year 2002, the fair value of investments increased by \$2,061,000 for the State Lottery Fund.

During fiscal year 2002, the fair value of investments increased by \$34,000 for the Transportation Self-Insurance Plan.

During fiscal year 2002, the Office of Administration Revolving Fund transferred fully depreciated equipment of \$8,000 to the General Fund.

During fiscal year 2002, the Office of Administration Revolving Fund entered into lease/purchase agreements for \$4,334,000.

The notes to the financial statements are an integral part of this statement.



*The **Fiduciary Funds** account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.*

Individual fund financial statements for Pension Trust Funds, Agency Funds, and Private-Purpose Trust Funds are presented after Required Supplementary Information (RSI).

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2002
(In Thousands of Dollars)

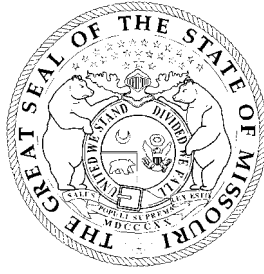
	Pension Trust Funds	Private- Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 378,844	\$ 14,422	\$ 73,136
Receivables:			
Interest Receivable	33,197	46	361
Accounts Receivable	72,296	---	138,111
Due from Other Funds (Note 13)	8,948	---	23,492
Advance to Other Funds (Note 13)	---	45,345	---
Investments at Fair Value (Note 3)	6,219,682	786,385	253,211
Invested Securities Lending Collateral (Note 3)	1,008,874	---	---
Prepaid Expenses	73	---	---
Capital Assets:			
Land	351	---	---
Buildings	3,871	---	---
Equipment	2,142	18	---
Accumulated Depreciation	(1,770)	(10)	---
Total Capital Assets, Net	<u>4,594</u>	<u>8</u>	<u>---</u>
Total Assets	<u>7,726,508</u>	<u>846,206</u>	<u>\$ 488,311</u>
LIABILITIES			
Accounts Payable	309,918	980	\$ 22
Securities Lending Collateral (Note 3)	1,010,180	---	---
Due to Other Entities	---	---	394,913
Due to Individuals	---	---	69,943
Due to Other Funds (Note 13)	---	---	20,231
Advance from Component Units (Note 13)	---	---	3,202
Escheats/Unclaimed Property	---	50,122	---
Compensated Absences	311	---	---
Total Liabilities	<u>1,320,409</u>	<u>51,102</u>	<u>\$ 488,311</u>
Net Assets Held in Trust for Pension Benefits and Other Purposes	<u>\$ 6,406,099</u>	<u>\$ 795,104</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Pension Trust Funds	Private- Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 329,075	\$ ---
Plan Member	4,553	65,781
Other	49	---
Investment Earnings:		
Net Decrease in the Fair Value of Investments	(545,570)	(63,743)
Interest and Dividends	117,363	20,584
Securities Lending Income	31,509	---
Total Investment Earnings	(396,698)	(43,159)
Less Investment Expenses:		
Investment Activity Expense	(15,685)	---
Securities Lending Expense	(30,570)	---
Total Investment Expense	(46,255)	---
Net Investment Earnings	(442,953)	(43,159)
Unclaimed Property	---	16,225
Cost Reimbursement/Miscellaneous Income	451	11,051
 Total Additions	 (108,825)	 49,898
Deductions:		
Benefits	421,288	---
Administrative Expenses	6,748	879
Program Distributions	---	50,513
Service Transfer Payments	28	---
Depreciation	421	10
Transfers Out	---	16,071
 Total Deductions	 428,485	 67,473
 Change in Net Assets	 (537,310)	 (17,575)
Net Assets held in Trust – Beginning of Year (Note 15)	6,943,409	812,679
Net Assets held in Trust – End of Year	\$ 6,406,099	\$ 795,104

The notes to the financial statements are an integral part of this statement.



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Component Unit Financial Statements

Major

Colleges and Universities

Non-Major

Non-Major proprietary component unit statements are found in the combining fund financial statements after Required Supplementary Information (RSI).

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2002
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals June 30, 2002
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 353,304	\$ 13,147	\$ 366,451
Investments (Note 3)	57,624	13,945	71,569
Receivables, Net	231,547	32,784	264,331
Inventory	35,161	---	35,161
Deposits and Prepaid Expenses	11,073	5	11,078
Noncurrent Assets:			
Investments (Note 3)	1,080,260	---	1,080,260
Receivables, Net	89,249	36,538	125,787
Advance to Primary Government (Note 13)	---	69,005	69,005
Restricted Assets (Note 3):			
Cash and Cash Equivalents	27,599	52,711	80,310
Investments	18,852	26,647	45,499
Deferred Costs and Other Assets	16,003	231	16,234
Capital Assets, Net of Accumulated Depreciation (Note 5)	2,550,178	20,498	2,570,676
Total Assets	<u>4,470,850</u>	<u>265,511</u>	<u>4,736,361</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	240,064	1,120	241,184
Securities Lending Collateral (Note 3)	56,974	---	56,974
Due to Primary Government (Note 13)	---	457	457
Deferred Revenue	57,702	4,304	62,006
Deposits	1,349	---	1,349
Funds Held for Others	49,891	---	49,891
Compensated Absences	11,629	---	11,629
Capital Lease Obligations	2,311	---	2,311
Bonds and Notes Payable (Note 11)	23,169	9,795	32,964
Noncurrent Liabilities:			
Accounts Payable and Accrued Liabilities	12,857	---	12,857
Due to Primary Government (Note 13)	---	4,480	4,480
Deferred Revenue	275	35,969	36,244
Compensated Absences	6,214	---	6,214
Capital Lease Obligations	14,746	---	14,746
Bonds and Notes Payable (Note 11)	737,686	84,865	822,551
Total Liabilities	<u>1,214,867</u>	<u>140,990</u>	<u>1,355,857</u>
NET ASSETS			
Invested in Capital Assets, Net	1,836,704	20,498	1,857,202
Restricted for:			
Non-Expendable	581,934	---	581,934
Expendable	248,225	---	248,225
Other Purposes	---	4,953	4,953
Unrestricted	589,120	99,070	688,190
Total Net Assets	<u>\$ 3,255,983</u>	<u>\$ 124,521</u>	<u>\$ 3,380,504</u>

Interfund Eliminations:

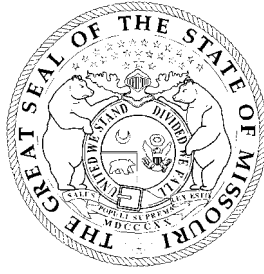
Advances between Non-Major Component Units of \$2,870 have been eliminated.

The notes to the financial statements are an integral part of this statement.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Colleges and Universities	Non-Major	Totals June 30, 2002
Revenues:			
Operating Revenues:			
Licenses, Fees and Permits	\$ ---	\$ 1,247	\$ 1,247
Student Tuition and Fees (Net of Scholarship Allow.)	383,056	---	383,056
Federal Appropriations, Grants and Contracts	169,096	---	169,096
State Grants and Contracts	58,902	---	58,902
Private Gifts, Grants and Contracts	55,590	---	55,590
Interest Revenue	1,174	4,043	5,217
Sales and Services of Educational Departments	30,041	---	30,041
Auxiliary Enterprises	710,923	---	710,923
Leases and Rentals	---	89	89
Cost Reimbursement/Miscellaneous	57,339	2,025	59,364
Total Operating Revenues	<u>1,466,121</u>	<u>7,404</u>	<u>1,473,525</u>
Expenses:			
Operating Expenses:			
Personal Services	1,502,303	519	1,502,822
Operations	---	334	334
Specific Programs	---	1,425	1,425
Scholarships and Fellowships	61,171	---	61,171
Utilities	23,357	---	23,357
Supplies and Other Services	579,005	---	579,005
Contracted Services	24,014	---	24,014
Interest Expense	---	2,778	2,778
Depreciation and Amortization	125,633	106	125,739
Miscellaneous	28,081	18	28,099
Total Operating Expenses	<u>2,343,564</u>	<u>5,180</u>	<u>2,348,744</u>
Operating Income (Loss)	<u>(877,443)</u>	<u>2,224</u>	<u>(875,219)</u>
Non-Operating Revenues (Expenses):			
Federal Appropriations, Grants and Contracts	62,642	---	62,642
State Grants and Contracts	12,170	---	12,170
Private Gifts, Grants and Contracts	55,242	---	55,242
Contributions and Intergovernmental	---	1,276	1,276
Investment Earnings:			
Increase in Fair Value of Investments	---	20	20
Interest/Investment and Endowment Income	22,330	1,592	23,922
Interest Expense	(28,927)	---	(28,927)
Miscellaneous Revenues	6,879	---	6,879
Total Non-Operating Revenues (Expenses)	<u>130,336</u>	<u>2,888</u>	<u>133,224</u>
Income (Loss) Before Other Revenues (Expenses)			
Or Gains (Losses)	(747,107)	5,112	(741,995)
Capital Gifts and Grants	38,212	---	38,212
Private Gifts	23,092	---	23,092
Additions to Endowments	3,134	---	3,134
Disposal of Fixed Assets	(792)	---	(792)
Loss of State Capital Appropriations	(7,757)	---	(7,757)
Operating Transfers In	753,396	---	753,396
Operating Transfers Out	---	(34)	(34)
Change in Net Assets	<u>62,178</u>	<u>5,078</u>	<u>67,256</u>
Net Assets – Beginning of Year (Note 15)	<u>3,193,805</u>	<u>119,443</u>	<u>3,313,248</u>
Net Assets – End of Year	<u>\$ 3,255,983</u>	<u>\$ 124,521</u>	<u>\$ 3,380,504</u>

The notes to the financial statements are an integral part of this statement.



The Notes to the Financial Statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

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- Note 2 – Reporting Changes and Reclassifications**
- Note 3 – Deposits, Investments and Securities Lending Program**
- Note 4 – Federal Surplus Commodities Inventory**
- Note 5 – Capital Assets**
- Note 6 – Capital Leases**
- Note 7 – Retirement Systems**
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- Note 10 – Changes in Long-Term Liabilities**
- Note 11 – Bonds Payable**
- Note 12 – Defeased Debt**
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- Note 15 – Restatements**
- Note 16 – Fund Deficit**
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STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies

A. Financial Statements and Reporting Entity

The accompanying financial statements of the State of Missouri and its component units have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The State has elected to not follow the Financial Accounting Standards Board's pronouncements issued after November 30, 1989 for proprietary activities.

The financial statements include the departments, agencies, boards, commissions and other organizational units over which the State has financial accountability. In addition to the Legislative, Executive and Judicial agencies, the following organizations are included in these financial statements:

Primary Government (Blended):

Board of Public Buildings – The Board was created by State law and its governing body is made up of the Governor, the Lieutenant Governor and the Attorney General. Its purpose is to provide State buildings by issuing revenue bonds and to supervise the operations of these facilities. All construction contracts must be approved by the Division of Design and Construction and its projects must be approved by the General Assembly. The Board can require State agencies to occupy its projects. The General Assembly appropriates to the Board, on behalf of the State agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and pay the costs of operations. Copies of the Board of Public Buildings' financial statements can be requested from:

Office of Administration
Deputy Commissioner's Office
P.O. Box 809
Jefferson City, Missouri 65102

Conservation Employees' Insurance Plan – The Plan provides health and life insurance coverage to eligible employees and retirees of the Missouri Department of Conservation. The Plan is administered by a board of trustees. Copies of the Plan's financial statements can be requested from:

Missouri Department of Conservation
P.O. Box 180
Jefferson City, Missouri 65110

Transportation Self-Insurance Plan – The Plan provides fleet vehicle liability, workers' compensation and general liability. The Plan is administered by the Office of Risk Management, which is a Division of the Missouri Department of Transportation. Copies of the financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Missouri Consolidated Health Care Plan (MCHCP) – The Plan was created by State law to provide medical benefits to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, six members appointed by the Governor, the Director of the Department of Health and Human Services, the Director of the Department of Insurance and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the board. Copies of the Plan's financial statements can be requested from:

Missouri Consolidated Health Care Plan
P.O. Box 104355
832 Weathered Rock Court
Jefferson City, Missouri 65110-4355

Highway and Transportation Employees' and Highway Patrol Insurance Plan – The Plan provides health and life insurance coverage to eligible employees, retirees and their dependents of the Missouri Department of Transportation and the Missouri State Highway Patrol. The Plan is administered by a board of trustees. Copies of the Plan's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Missouri State Employees' Retirement System (MOSERS) – The System was created by State law and provides retirement, survivor, disability and life insurance to its members and is administered by a board of trustees. The board consists of two members of the Senate, two members of the House, two members appointed by the Governor, three members elected by the System's members, the State Treasurer and the Commissioner of Administration. The management of MOSERS is the responsibility of the Executive Director who is appointed by the board. Copies of the System's financial statements can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Highway and Transportation Employees' and Highway Patrol Retirement System – The System provides retirement, death and disability benefits to qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol. The System is administered by a board of trustees consisting of three members of the Missouri Highways and Transportation Commission, the director of the Missouri Department of Transportation, the superintendent of the State Highway Patrol, one member of the Senate, one member of the House, one member elected by MoDOT employees, one member elected by Patrol employees, and one retired member elected by retirees of the system. Copies of the System's financial statements can be requested from:

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Missouri State Public Employees' Deferred Compensation Commission – The Commission consists of one member of the House of Representatives, one member of the Senate and three other members appointed by the Governor with the advice and consent of the Senate. The Commission offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under this Plan, employees are permitted to defer a portion of their current salary until future years. This Plan's fiscal year ends December 31, therefore, financial statements for its reporting period ending December 31, 2001, have been included in this report. In addition, the Commission offers eligible employees the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Component Units (Discretely Presented):

Major

Colleges and Universities – The Coordinating Board for Higher Education has certain responsibilities for these institutions and they receive State support. Following are the public colleges and universities included in the financial statements:

Central Missouri State University
213 Administration Building
Warrensburg, Missouri 64093

Northwest Missouri State University
105 Administration Building
800 University Drive
Maryville, Missouri 64468-6001

Harris-Stowe State College
3026 Laclede Avenue
St. Louis, Missouri 63103

Southeast Missouri State University
One University Plaza, Mail Stop 3000
Cape Girardeau, Missouri 63701

Lincoln University
207 Young Hall
Jefferson City, Missouri 65101

Southwest Missouri State University
901 South National, Room 119
Springfield, Missouri 65804

Linn State Technical College
1 Technology Drive
Linn, Missouri 65051

Truman State University
McClain Hall, Room 105
Kirksville, Missouri 63501

Missouri Southern State College
3950 East Newman Road
Joplin, Missouri 64801-1595

University of Missouri-Columbia
118 University Hall
Columbia, Missouri 65211

Missouri Western State College
4525 Downs Drive
St. Joseph, Missouri 64507

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Non-Major

Development Finance Board – The Board was created by State law to promote economic development of the State and is assigned to the Department of Economic Development. The Governor, with the approval of the Senate, appoints nine board members. The Lieutenant Governor and the Directors of the Department of Economic Development and the Department of Agriculture serve as ex-officio members. The Board provides loans and loan guarantees for the benefit of businesses operating in Missouri and loans, low-interest loans, or grants to State agencies and local governments for public infrastructure improvements. The State appropriates money to the Board for the purpose of making loan guarantees. Copies of the Board's financial statements can be requested from:

Missouri Development Finance Board
Harry S Truman State Office Building, Room 680
301 West High Street
Jefferson City, Missouri 65101

Agricultural and Small Business Development Authority – The Authority was created by State law and is authorized to issue bonds to finance agricultural and small business development loans for property acquisitions/renovations and pollution control facilities throughout the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. If for any reason, the Authority ceases to exist, all rights and properties of the Authority will pass to the State. Copies of the Authority's financial statements can be requested from:

Missouri Agricultural and Small
Business Development Authority
P.O. Box 630
1616 Missouri Boulevard
Jefferson City, Missouri 65102

Fulton 54 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost for the acquisition and construction of an overpass at the intersection of Route HH and U.S. Highway 54. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Missouri Transportation Finance Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Nonprofit Corporation Law. The Corporation is financed by federal highway and transit dollars, plus State and local matching funds. It is authorized to issue revenue bonds. The Corporation provides loans to finance projects approved by the Missouri Highways and Transportation Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Missouri Highway 179 Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Corporation Act. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

Springfield, MO State Highway Improvement Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Corporation Act. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Wentzville Parkway Transportation Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. The Corporation has issued bonds to finance the expansion and reconstruction of the Pearce Boulevard Interchange. Its governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
P.O. Box 270
105 West Capitol
Jefferson City, Missouri 65102

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.
- **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Certain indirect costs are included in the direct expenses reported for individual functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Fund Financial Statements:

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise fund categories, with each displayed in a separate column. All remaining governmental and enterprise fund categories are aggregated and reported as non-major funds. Internal service fund categories are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. Basis of Presentation

The State's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and fund balances, and changes therein.

The accompanying financial statements are structured into three categories of funds and component units:

Primary Government:

Governmental Funds include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds. These funds account for the revenues and expenditures, capital outlay, and certain debt service of the State.

Proprietary Funds include Enterprise Funds and Internal Service Funds. These funds account for the cost of certain services provided by the State, presenting the assets and liabilities associated with the service on the Statement of Changes in Net Assets, and presenting the revenues, expenses and net income on the Statement of Revenues, Expenses, and Changes in Net Assets.

Fiduciary Funds include Pension Trust Funds, Private-Purpose Trust Funds, and Agency Funds. These funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governments and other funds.

Component Units:

Major

College and University Funds account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Changes in Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

Non-Major

Development Finance Board accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

Agricultural and Small Business Development Authority accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Fulton 54 Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Missouri Transportation Finance Corporation accounts for moneys from federal, State or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

D. Measurement Focus and Basis of Accounting

Measurement Focus:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary, Pension Trust, and Private-Purpose Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, assets and liabilities associated with the operation of these funds are included on the statement of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus.

Component units are accounted for on a flow of economic resources measurement focus.

Government-Wide Financial Statements:

The government-wide financial statements are presented using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred. Fiduciary Funds have been excluded from the government-wide financial statements because by definition, the resources of these funds cannot be used to support government operations. Generally, interfund transactions have also been eliminated. Some interfund transactions, such as the exchange of services, were not eliminated because doing so would mistakenly understate both expenses of the buyer and revenues of the seller.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

Fund Financial Statements:

Governmental Funds are presented on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay current period liabilities. Material revenues susceptible to accrual include federal grants, income tax and sales tax. Expenditures are recognized when the related fund liability is incurred except for the following:

- Principal and interest on general long-term debt is recorded as an expenditure when due.
- Compensated absences (accumulated vacation and compensatory time) and sick pay are recorded as expenditures when paid.
- Inventories are reported as expenditures when purchased, except for the State Road Fund, which updates inventory perpetually under the consumption method.

Proprietary, Pension Trust, Private-Purpose Trust, and Agency Funds are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Component units are presented on the accrual basis of accounting with the following exception in regard to colleges and universities. Revenues and related expenditures in connection with the summer sessions in progress at June 30 are deferred at that date.

The State reports the following major funds:

General Fund – accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Public Education – provides general and special education needs of the State and other related areas such as library services and student loans.

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment.

Transportation and Law Enforcement – provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

State Road – accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system.

State Lottery – accounts for proceeds from the sale of lottery tickets and all other moneys credited or transferred to this fund. A minimum of 45% of the moneys are used for prizes.

Unemployment Compensation – accounts for contributions and payments collected under the provisions of the "Unemployment Compensation Law" to pay benefits.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

The State also reports the following non-major fund types:

Governmental – accounts for current financial resources of the government. Governmental Funds include Special Revenue Funds which are established for a specific function, Debt Service Funds which accumulate resources for the payment of long-term debt principal and interest, and Capital Projects Funds which accumulate resources for the acquisition of capital assets.

Proprietary – accounts for operations that are funded through fees or a cost reimbursement basis. Proprietary Funds include Enterprise Funds which sell products and services to external parties and Internal Service Funds which sell products and services to other government agencies.

Fiduciary – accounts for assets held by the State in a trustee or agent capacity. Examples of such assets include Missouri State Employees' Retirement System, social security contributions, and unclaimed property.

E. Budgets

The State's annual budget is prepared principally on the cash basis and represents departmental appropriations recommended by the Governor and passed by the General Assembly prior to the beginning of the fiscal year. Appropriations can only be amended through the normal appropriation process which requires approval of the General Assembly and the Governor. Certain estimated original appropriation amounts may be increased as necessary. If supplemental appropriations are required for an appropriation year, they are enacted during the next General Assembly by the same process used for original appropriations. During the year supplemental appropriations of \$174,828,913 were required, 80% for Human Services, 10% for Transportation and Law Enforcement, 5% for Education and the remainder for other functions. Estimated appropriations were increased by \$2,522,121,367.

Budgetary control is maintained at the individual appropriation level since expenditures cannot exceed the appropriation amounts. Also, the Governor has the authority to reduce the allotments of appropriations in any fund if it appears that revenues for the fiscal year will fall below estimated revenues. Unexpended appropriations lapse at the end of each appropriation year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program or project which requires additional time for completion. Reappropriations to fiscal year 2002 totaled \$978,249,839.

F. Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include bank accounts, petty cash and all investments with an original maturity of three months or less such as certificates of deposit, money market certificates and repurchase agreements. Cash balances of most State funds are pooled and invested by the State Treasurer.

G. Investments

These are long-term investments which are expected to be held to maturity and redeemed at face value. The majority are investments of the Pension Trust Funds and are stated at fair value. The remainder belong to the General, various Special Revenue, Enterprise, Internal Service, Private-Purpose Trust, and Agency Funds and are stated at fair value. The Missouri State Public Employees' Deferred Compensation Plan's investments are reported in units of fixed and variable annuities at fair value.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

H. Receivables

Receivables include primarily federal revenue amounts, accrued interest on investments and taxes receivable. Receivables are reported net of allowances for uncollectibles of \$1,156,262,817, where applicable.

I. Interfund Receivables/Payables

The State makes various transactions between funds or between primary government and component units to distribute interest earnings, finance operations, provide services, service debt and for capital outlay. These receivables at June 30 are classified as "due from other funds" or "due from primary government/component units" on the balance sheet. Payables are classified as "due to other funds" or "due to primary government/component units" on the balance sheet.

J. Advances to Other Funds

Long-term interfund receivables are reported as advances in all funds.

K. Inventories

Inventories in the Governmental Funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the State Road Fund, which updates inventory perpetually under the consumption method. Reserves of fund balance have been established for the inventory balances. Inventories in the Proprietary Funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using various methods such as moving average, weighted average and first-in, first-out.

L. Deferred Charges

Deferred charges represent issuance costs on bonds and are amortized over the life of the related issue.

M. Restricted Assets

These moneys are restricted by applicable bond indentures for revenue bonds.

N. Capital Assets

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. The estimate of historical cost was based on current appraised value indexed to the date of acquisition. Donated capital assets are reported at estimated fair value at the time received. Capital assets acquired through lease agreements are capitalized at the inception of the agreement (see *Note 5 and 6*).

Infrastructure assets (including highways, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items) are capitalized. Interest costs incurred during construction of fixed assets are not capitalized. Infrastructure constructed prior to July 1, 2001, has been recorded at an estimated value of \$35,522,736,290. The estimated historical cost for years 1909–2001 was based on the current average cost per lane mile for roadways and per square foot for bridges.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

The capitalization threshold for all fixed assets is as follows: land improvements, \$15,000; buildings and improvements, \$15,000; and equipment, \$1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

Most works of art and historical treasures are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component Units fixed assets are stated at cost and are depreciated for the full year using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, and equipment – 5 years.

O. Deferred Revenues

Primary Government

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting on the fund financial statements. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include \$187,686,000 within the General Fund, \$22,734,000 within the Major Special Revenue Funds, \$27,224,000 within the State Road Fund, and \$4,098,000 within Non-Major Governmental Funds. Such amounts have been deemed to be measurable but not available. For the State of Missouri, the availability period is 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues the amount of \$101,365,000 within the General Fund, \$1,878,000 within Major Special Revenue Funds, \$2,200,000 within the State Road Fund, \$1,000 within the Non-Major Governmental Funds, \$615,000 within the Non-Major Enterprise Funds, and \$26,519,000 within the Internal Service Funds.

Component Units

Deferred revenue amounts collected in advance of the year in which earned are reported in the amount of \$57,977,000 within the College and University Funds and \$40,273,000 within the Non-Major Component Units.

P. Long-Term Debt

Long-term liabilities that will be financed from Governmental Funds are not reported on the fund financial statements. However, the long-term liabilities are reported on the government-wide financial statements. The reconciliation between fund financial statements and government-wide financial statements includes a line item for governmental funds long-term liabilities. These long-term liabilities include the following:

1. Outstanding principal for general obligation debt is included. The expenditure and any related liability for payment of principal and interest for general obligation debt are recorded in the Debt Service Funds when paid (see *Note 11*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

2. Outstanding principal for revenue bonds issued by the Board of Public Buildings, bonds issued by the Regional Convention and Sports Complex Authority, and transportation revenue bonds issued by the Fulton 54 Transportation Corporation, the Missouri Highway 179 Transportation Corporation, the Springfield, MO State Highway Improvement Corporation, and the Wentzville Parkway Transportation Corporation. The expenditure and any related liability for payment of principal and interest for these bonds are recorded in the appropriate governmental funds when paid (see *Note 11*).
3. The net pension obligation of the Missouri State Employees' Retirement System is included and will be paid from the General Revenue Fund and the Special Revenue Funds. The net pension obligation is the portion of the actuarially determined contributions not made plus interest on the balance of underfunded/overfunded contributions of prior years (see *Note 7*).
4. Compensated absences include accumulated unpaid vacation and compensatory time accruals and additional amounts for salary-related payments associated with the payment of vacation and compensatory time. These amounts are not accrued in the Governmental Funds but are recorded as expenditures when paid (see *Note 10*).

Vacation leave is accumulated at a rate of 10 to 14 hours a month depending on the number of years of employment. Accumulated vacation leave cannot exceed the number of vacation hours earned in a two year period. Compensatory time is accumulated as earned by an individual employee.

Sick leave is accumulated at a rate of 10 hours per month with no limit to the amount which can be accumulated. Accumulated sick leave is not paid upon employee termination and does not represent a liability of the State.

The expenditures for all compensated absences are made primarily from the General Fund, Special Revenue Funds and a Capital Projects Fund.

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various Special Revenue funds, the State Road Fund, as well as Enterprise Funds and Internal Service Funds (see *Note 6*).
6. Claims and judgements include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, injuries to employees and desegregation. Claims liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid. This is included with payables on the combined balance sheet (see *Note 10*).

Long-term liabilities of all Proprietary, Pension Trust, and Private-Purpose Trust Funds are accounted for in the respective funds.

Q. Net Assets/Fund Balance

The difference between fund assets and liabilities is reported as "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on the governmental fund financial statements. A description of "Restricted Net Assets" is presented in Part B of this note.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

On the governmental statements, “reserves” represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Following is a list of reserves used by the State of Missouri and a description of each:

Reserved for Budget Reserve – An account which includes \$471,048,306 in the Budget Reserve Fund used to meet the cash flow requirements and program funding requirements of the State.

Reserved for Inventory – An account used to segregate a portion of fund balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

Reserved for Future Distribution – An account used to segregate a portion of fund balance for the specific future use of other entities.

Reserved for Taxes – An account used to segregate a portion of fund balance for taxes received for which payment was made under protest and for bonds filed by license holders for security against default of payment of tax liabilities.

Reserved for Debt Service – An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of general long-term debt principal and interest amounts maturing in future years.

Reserved for Loans Receivable – An account used to segregate portions of fund balance and retained earnings to indicate that the long-term portion of loans receivable does not represent available, spendable resources even though it is a component of assets, or to meet requirements of loan agreements.

Reserved for Trust Principal – An account used to segregate a portion of fund balance to indicate the principal amount of Permanent Funds that are legally restricted for a specific future purpose.

R. Revenues

The revenues of the General Fund include federal grants and contributions of \$5,484,716,000. Revenues for all funds are reported net of refunds of \$1,408,165,000.

S. Interfund Transactions

During the fiscal year the State incurs various transactions between funds, including expenditures and transfers of resources to distribute interest earnings, finance operations, provide services, construct assets and service debt. Interfund transactions basically consist of these two types:

1. Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the State are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to Internal Service Funds from other funds for services rendered and to Agency Funds for contributions for employee benefits.
2. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as operating transfers (see *Note 14*).

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 1 – Significant Accounting Policies (cont.)

T. Expenditures and Expenses

Expenditures and expenses are reported net of revenue overcollections of \$1,159,734,000 and \$161,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts and for cost reimbursements of \$247,520,000 and \$749,000, respectively.

U. Property Taxes

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and personal property. The tax collected is deposited into the Blind Pension Fund.

The property taxes in Missouri are levied by October 31 of each year on assessed valuation as of January 1 of that year. Property taxes are due and payable by December 31 and penalties on unpaid taxes are imposed after that date. Assessed values are established by each county assessor's office and are calculated as a percent of market value except for agricultural land which is calculated on productive capability. The percentage for real property varies according to use: residential at 19%, commercial at 32% and agricultural at 12%. Personal property is assessed according to type with the majority at 33 1/3% of market value.

Note 2 – Reporting Changes and Reclassifications

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2002:

- Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*,
- Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*,
- Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*,
- Statement No. 38, *Certain Financial Statement Note Disclosures*, (with the exception of paragraph 12 "Short-Term Debt" and paragraph 13 "Disaggregation of Receivable and Payable Balances" which are not required to be implemented until the fiscal year ended June 30, 2003),
- Statement No. 39, *Determining Whether Certain Obligations are Component Units*.

Statement 34, as amended by Statement 37, represents a significant change to the financial reporting model used by the State. Some of the changes include the addition of government-wide financial statements, which summarize information for governmental activities, business-type activities, and discretely presented component units. These statements are prepared under the full accrual basis of accounting, as opposed to the modified accrual basis of accounting used in the governmental fund financial statements. Infrastructure assets (mainly roads and bridges) are now reported as capital assets on the Government-Wide Statement of Net Assets. These assets were not previously required to be included in the financial statements. Assets previously reported in the General Fixed Asset Account Group are now reported as a reconciling item between the governmental fund financial statements and the government-wide financial statements. Liabilities previously reported in the General Long-Term Debt Account Group are similar reconciling items.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 2 – Reporting Changes and Reclassifications (cont.)

An additional requirement of Statement 34 is to report “major” funds separately on the governmental, enterprise, and component unit financial statements. The General operating fund of the government is always a major fund. Other funds are evaluated based on these criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that fund are at least 10% of the total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the fund are at least 5% of the total for all governmental, enterprise, and component units combined.

It is only necessary for a fund to meet the criteria in one category (assets, liabilities, revenues, expenditures/expenses) to qualify as a major fund. For Missouri, this includes the following fund categories: Public Education, Conservation and Environmental Protection, State Lottery, and Unemployment Compensation. In addition, any other governmental, enterprise, or component unit fund that the government’s officials believe is particularly important to financial statement users may be reported as a major fund. For Missouri, this includes the Transportation and Law Enforcement Fund category as well as the State Road Fund.

Statement 35 creates new financial reporting standards for public colleges and universities within the reporting guidelines of Statement 34. All of the State’s public colleges and universities have adopted Statement 35. The State of Missouri’s public colleges and universities have been combined together as a Major component unit of the State.

Statement 38 modifies, establishes, and rescinds certain financial statement disclosure requirements to be put in effect when Statement 34 is implemented.

Statement 39 amends Statement 14, *The Financial Reporting Entity*. Statement 39 establishes guidelines for reporting certain organizations as component units of the primary government. Organizations for which the primary government is not financially accountable may be reported as component units because of the nature and significance of their relationship with the primary government.

As a result of these standards, fund reclassifications and adjustments to fund equities reported in the prior financial statements were required. See *Note 15 – Restatements* for the amount of the restatements due to fund reclassifications. The majority of the fund reclassifications were due to the implementation of GASB 34. The following table is a summary of all State funds that were reclassified during fiscal year 2002:

Fund Name	Fiscal Year 2001	Fiscal Year 2002
Utilicare Stabilization	General Fund	Special Revenue
Mental Health Interagency Payments	General Fund	Internal Service
Department of Revenue Information	Special Revenue	Enterprise
Board of Public Buildings*	Enterprise	Internal Service
Confederate Memorial Park	Non-Expendable Trust	Permanent
State Public School	Non-Expendable Trust	Permanent
Smith Memorial Endowment Trust	Non-Expendable Trust	Permanent
Missouri Investment Trust	Non-Expendable Trust	Permanent
Handicapped Children’s Trust	Expendable Trust	Special Revenue
Missouri National Guard Trust	Expendable Trust	Special Revenue
Agriculture Development	Expendable Trust	Special Revenue

*This fund is now included with State Facility Maintenance and Operations as an Internal Service Fund.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 2 – Reporting Changes and Reclassifications (cont.)

<u>Fund Name</u>	<u>Fiscal Year 2001</u>	<u>Fiscal Year 2002</u>
Babler State Park	Expendable Trust	Special Revenue
School for Blind	Expendable Trust	Special Revenue
School for Deaf	Expendable Trust	Special Revenue
Institution Gift Trust	Expendable Trust	Special Revenue
Crippled Children	Expendable Trust	Special Revenue
Unemployment Compensation	Expendable Trust	Enterprise
Petroleum Storage Tank Insurance	Expendable Trust	Enterprise
Unclaimed Property	Expendable Trust	Private-Purpose Trust
Alternative Care Trust	Expendable Trust	Private-Purpose Trust
Johnson-Travis Memorial Trust	Expendable Trust	Private-Purpose Trust
Missouri State Public Employees' Deferred Compensation Plan	Expendable Trust	Private-Purpose Trust

Note 3 – Deposits, Investments and Securities Lending Program

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all State funds. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized below is the portfolio that represents the "Cash and Cash Equivalents", "Investments", "Restricted Assets – Cash and Cash Equivalents", "Restricted Assets – Investment" and "Bank Overdraft" as reported at June 30, 2002.

A. Deposits

Primary Government

At June 30, 2002, the reported amount of the primary government's deposits was \$1,414,238,000 and the bank balance was \$1,492,286,000. Of the bank amount, \$1,194,558,000 was insured or collateralized with securities held by the State or its agent in the State's name, \$297,728,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name.

Fiduciary

At June 30, 2002, the reported amount of the deposits of the Fiduciary Funds was \$81,214,000 and the bank balance was \$90,682,000. All of the bank amount was insured or collateralized with securities held by the entity or its agent in the entity's name.

Component Units

At June 30, 2002, the reported amount of the deposits of the Component Units was \$470,061,000 and the bank balance was \$472,733,000. Of the bank amount, \$389,177,000 was insured or collateralized with securities held by the Component Units or its agent in the Component Units' name, \$77,635,000 was collateralized with securities held by the counterparty's trust department or agent in the Component Units' name, and \$5,921,000 was uninsured and uncollateralized with securities held by the counterparty, trust department or agent not in the Component Units' name.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

B. Investments

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within three years or in repurchase agreements maturing within ninety days secured by U.S. Treasury or Agency securities of any maturity. The Internal Service Funds, the Agency and Pension Trust Funds, and the Component Units, in accordance with statutory authority, invest primarily in U.S. Government securities, repurchase agreements, preferred and common stocks, bonds, real estate, and fixed income securities. There have been no violations of these investment restrictions during fiscal year 2002.

The following table (in thousands of dollars) provides information about the credit risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets. Category 1 includes investments that are insured or registered, or for which securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments, for which securities are held by the counterparty or by its trust department or agent but not in the State's name. The State's ratings for these investments from Fitch IBCA, Incorporated and Standard and Poor's is rating group AAA and from Moody's Investors Services is rating group Aaa.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
All Fund Types except Fiduciary Funds and Component Units:					
U.S. Government Securities	\$ 1,604,536	\$ ---	\$ ---	\$ 1,604,536	\$ 1,612,823
Repurchase Agreements	<u>568,216</u>	<u>1,606</u>	<u>---</u>	<u>569,822</u>	<u>569,822</u>
Subtotal	<u>2,172,752</u>	<u>1,606</u>	<u>---</u>	<u>2,174,358</u>	<u>2,182,645</u>
Fiduciary Funds:					
U.S. Government Securities	369,255	---	277,781	647,036	647,036
Repurchase Agreements	252,242	2,284	---	254,526	254,526
Stocks	1,409,155	---	753,882	2,163,037	2,163,037
Bonds	538,690	---	109,619	648,309	648,309
International Equities	866,048	---	---	866,048	866,048
International Corp. Bonds	38,323	---	---	38,323	38,323
Short-Term Securities	---	---	53,408	53,408	53,408
Debentures	<u>---</u>	<u>---</u>	<u>32,316</u>	<u>32,316</u>	<u>32,316</u>
Subtotal	<u>3,473,713</u>	<u>2,284</u>	<u>1,227,006</u>	<u>4,703,003</u>	<u>4,703,003</u>
Investments Not Subject to Categorization:					
Short-Term Investment Fund				383,864	383,864
Real Estate				403,968	403,968
Investments Made With Another Party				978,593	978,593
Deferred Compensation				861,467	861,467
Foreign Securities				19,428	19,428
EAFE Index Fund				294,028	294,028
Venture Capital Limited Partnership				<u>115</u>	<u>115</u>
Subtotal				<u>7,644,466</u>	<u>7,644,466</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

	Category 1	Category 2	Category 3	Reported Amount	Fair Value
Component Units:					
U.S. Government Securities	475,705	43,215	10,867	529,787	509,041
Repurchase Agreements	---	17,412	---	17,412	17,412
Stocks	350,450	---	---	350,450	350,499
Bonds	215,866	---	---	215,866	214,619
Other	29,817	---	---	29,817	29,817
Subtotal	<u>1,071,838</u>	<u>60,627</u>	<u>10,867</u>	1,143,332	1,121,388
Investments Not Subject to Categorization:					
Money Market				1,687	1,687
Real Estate				<u>29,009</u>	<u>29,009</u>
Subtotal				<u>1,174,028</u>	<u>1,152,084</u>
Total Investments Subject to Categorization	<u>\$ 6,718,303</u>	<u>\$ 64,517</u>	<u>\$ 1,237,873</u>		
Total Investments				<u>\$ 10,992,852</u>	<u>\$ 10,979,195</u>

C. Securities Lending Program

Missouri State Employees' Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) Board of Trustees' policies permits the Pension Trust Funds to participate in securities lending programs. Lehman Brothers, who acts as the exclusive borrower of the domestic equity securities and Credit Suisse/First Boston, who manages the lending of fixed income and international securities, manage the programs. Certain securities of the Pension Trust Funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% for domestic loans and 105% for international loans. There are no restrictions on the amount of the loans that can be made. The Custodian (Bankers Trust Company) provides for full indemnification to the Pension Trust Funds for any losses that might occur in the program due to broker default, insufficiency of collateral, or operations risk associated with corporate actions and income collection. Full indemnification and daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk.

The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds. The cash collateral investments of the Lehman Brothers and Credit Suisse program each had a weighted average maturity of 25 days as of June 30, 2002.

Investment income derived from the domestic loans and international equity lending programs are subject to minimum guarantees.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 3 – Deposits, Investments and Securities Lending Program (cont.)

Missouri Highway and Transportation Employees' and Highway Patrol Retirement System:

In accordance with the policies set by the Board of Trustees, the Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the System), lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the U.S. government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The collateral held and the market value of securities on loan for the System were unavailable as of the System's report date.

At June 30, 2002 and 2001, the System earned \$98,402 and \$80,671, respectively, on the securities lending program.

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent. The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. At June 30, 2002, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

In addition, at June 30, 2002, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled \$4,064,000. At June 30, 2002, the aggregate fair value of the securities lent was \$206,882,000 and the aggregate fair value of the collateral received was \$215,803,000.

Note 4 – Federal Surplus Commodities Inventory

The federal surplus commodities inventory for the Department of Social Services and the Department of Health and Senior Services were \$226,999 and \$2,176,906, respectively, as of June 30, 2002. This inventory is not considered to be an asset of the State and is not included in the financial statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2002, was as follows (in thousands of dollars):

	Balance July 1, 2001	Increases	Decreases	Adjustments and Reclassifications	Balance June 30, 2002
Governmental Activities:					
Capital Assets not being Depreciated:					
Construction in Progress	\$ 584,475	\$ 339,856	\$ (35,931)	\$ (251,209)	\$ 637,191
Infrastructure in Progress	1,772,460	1,029,063	(514,370)	---	2,287,153
Land.....	2,267,731	33,543	(708)	(42,418)	2,258,148
Total Capital Assets not being Depreciated	4,624,666	1,402,462	(551,009)	(293,627)	5,182,492
Capital Assets being Depreciated:					
Land Improvements.....	72,232	9,832	(12,624)	6,891	76,331
Buildings and Improvements	1,643,800	282,741	(5,689)	(76,304)	1,844,548
Equipment	996,434	555,825	(192,064)	(224,301)	1,135,894
Infrastructure	35,522,736	527,244	(3,750)	---	36,046,230
Total Capital Assets being Depreciated.....	38,235,202	1,375,642	(214,127)	(293,714)	39,103,003
Less Accumulated Depreciation for:					
Land Improvements.....	39,059	3,502	(1,439)	19	41,141
Buildings and Improvements	636,631	60,683	(152,126)	111,659	656,847
Equipment	677,283	106,278	(58,734)	(3,586)	721,241
Infrastructure	15,222,025	954,211	(3,750)	---	16,172,486
Total Accumulated Depreciation.....	16,574,998	1,124,674	(216,049)	108,092	17,591,715
Total Capital Assets being Depreciated, Net	21,660,204	250,968	1,922	(401,806)	21,511,288
Governmental Activities Capital Assets, Net	<u>\$ 26,284,870</u>	<u>\$ 1,653,430</u>	<u>\$ (549,087)</u>	<u>\$ (695,433)</u>	<u>\$ 26,693,780</u>
Business-Type Activities:					
Capital Assets not being Depreciated:					
Construction in Progress	\$ ---	\$ 2,817	\$ ---	\$ ---	\$ 2,817
Land.....	18,073	315	---	(8,290)	10,098
Total Capital Assets not being Depreciated	18,073	3,132	---	(8,290)	12,915
Capital Assets being Depreciated:					
Land Improvements.....	5,941	---	---	(2,826)	3,115
Buildings and Improvements	240,104	4,292	---	(228,314)	16,082
Equipment	41,982	37,023	(4,280)	(33,324)	41,401
Total Capital Assets being Depreciated.....	288,027	41,315	(4,280)	(264,464)	60,598
Less Accumulated Depreciation for:					
Land Improvements.....	4,119	95	---	(1,794)	2,420
Buildings and Improvements	111,107	564	---	(104,943)	6,728
Equipment	27,653	4,805	(2,229)	(987)	29,242
Total Accumulated Depreciation.....	142,879	5,464	(2,229)	(107,724)	38,390
Total Capital Assets being Depreciated, Net	145,148	35,851	(2,051)	(156,740)	22,208
Business-Type Activities Capital Assets, Net	<u>\$ 163,221</u>	<u>\$ 38,983</u>	<u>\$ (2,051)</u>	<u>\$ (165,030)</u>	<u>\$ 35,123</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 5 – Capital Assets (cont.)

Depreciation expense of governmental activities was charged to functions as follows (in thousands of dollars):

General Government.....	\$ 17,683
Education	4,423
Natural and Economic Resources.....	27,773
Transportation and Law Enforcement	1,005,922
Human Services	68,873
Total	<u>\$ 1,124,674</u>

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands of dollars):

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress.....	\$ 220,252	\$ 14,123	\$ 234,375
Land	108,330	4,705	113,035
Other Non-Depreciable Assets.....	9,408	---	9,408
Total Capital Assets not being Depreciated	<u>337,990</u>	<u>18,828</u>	<u>356,818</u>
Capital Assets being Depreciated:			
Land Improvements	12,813	---	12,813
Buildings and Improvements.....	2,524,288	2,400	2,526,688
Equipment, Fixtures, and Books.....	886,844	133	886,977
Infrastructure.....	228,034	---	228,034
Total Capital Assets being Depreciated	<u>3,651,979</u>	<u>2,533</u>	<u>3,654,512</u>
Less Total Accumulated Depreciation	<u>(1,439,791)</u>	<u>(863)</u>	<u>(1,440,654)</u>
Total Capital Assets being Depreciated, Net	<u>2,212,188</u>	<u>1,670</u>	<u>2,213,858</u>
Discretely Presented Component Units – Capital Assets, Net.....	<u>\$ 2,550,178</u>	<u>\$ 20,498</u>	<u>\$ 2,570,676</u>

Note 6 – Capital Leases

The State has entered into various agreements to lease land, buildings and equipment. FASB Statement No. 13, *Accounting For Leases*, requires a lease that transfers substantially all of the benefits and risks of ownership to the lessee to be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease).

Capital leases for the Enterprise, Internal Service and College and University Funds are reported as a long-term obligation in those funds along with the related assets. Capital leases and the related assets are not reported on the fund financial statements of Governmental type funds. However, the capital leases and related assets of Governmental funds are included on the government wide financial statements and they are shown on the reconciliation between fund financial statements and government wide statements.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 6 – Capital Leases (cont.)

Following is a summary of the future minimum lease payments for capital leases (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>College and University</u>
2003	\$ 33,309	\$ 4	\$ 2,370	\$ 3,535
2004	32,454	4	1,523	3,227
2005	31,654	4	831	3,094
2006	30,872	4	581	1,654
2007	22,271	4	291	1,218
2008–2012	97,682	20	568	6,075
2013–2017	70,178	8	335	6,075
2018–2022	16,804	---	---	2,734
Total minimum lease payments	335,224	48	6,499	27,612
Less amount representing interest	105,550	20	780	10,555
Present value of net minimum lease payments	<u>\$ 229,674</u>	<u>\$ 28</u>	<u>\$ 5,719</u>	<u>\$ 17,057</u>

Assets acquired through these capital lease agreements are recorded as fixed assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is an analysis of the property under capital lease by asset category as of June 30, 2002 (in thousands of dollars):

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>College and University</u>
Land	\$ ---	\$ ---	\$ ---	\$ 153
Buildings	236,501	31	997	19,741
Equipment	49,776	---	8,971	3,583
Total Fixed Assets	<u>\$ 286,277</u>	<u>\$ 31</u>	<u>\$ 9,968</u>	<u>\$ 23,477</u>

Note 7 – Retirement Systems

The State has two major retirement systems which cover substantially all State employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS). The University of Missouri Retirement Plan is included in the college and university component unit. The Public School Retirement System is included in this note disclosure as the State contributes to it. The Missouri State Employees' Deferred Compensation Incentive Plan is a defined contribution pension plan, to which the State also contributes.

Plan Descriptions

The Missouri State Employees' Plan (MSEP), Administrative Law Judges and Legal Advisors Plan (ALJLAP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The Plans are administered in accordance with the Revised Statutes of Missouri Sections 104.010 and 104.312–104.1215, 287.812–287.856 and 476.445–476.690, respectively.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the ALJLAP and Judicial Plan are administered and paid by MOSERS. Amounts paid for the Judicial Plan are reimbursed monthly from appropriations of State funds. Prefunding of judicial benefits began in fiscal year 1999. The four plans are included in this disclosure.

MOSERS provides retirement, death and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). The retirement eligibility requirements are as follows:

MSEP

Age 65 and active with 4 years of service
Age 65 with 5 years of service
Age 60 with 15 years of service
Age 50 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 55 with at
least 10 years of service with reduced benefits.

ALJLAP

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 65 with less
than 12 years of service with a reduced
benefit that is based upon years of
service relative to 12 years.

MSEP 2000

Age 62 with 5 years of service
Age 50 with age and service equaling 80
or more (Rule of 80)
Employees may retire early at age 57 with at
least 5 years of service with reduced benefits.

Judicial Plan

Age 62 with 12 years of service
Age 60 with 15 years of service
Age 55 with 20 years of service
Employees may retire early at age 62 with less
than 12 years of service or age 60 with less
than 15 years of service with reduced benefit
that is based upon years of service relative to
12 or 15 years.

For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the change in the CPI up to a maximum rate of 5%. Qualified, terminated-vested members of MSEP, ALJLAP, and Judicial Plan may make a one-time election to receive the present value of benefit in a lump sum payment. To qualify, a member must have terminated with at least 5, but less than 10 years of service, be less than age 60, and have a benefit present value of less than \$10,000.

The Highway and Transportation Employees' and Highway Patrol Retirement System (HEHPRS) is a single-employer defined benefit public employees' retirement system administered in accordance with the Revised Statutes of Missouri Sections 104.010-104.270.

HEHPRS membership is composed of qualified employees of the Missouri Highways and Transportation Commission (includes employees of the Department of Transportation), and uniformed and non-uniformed members of the State Highway Patrol.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

HEHPRS provides retirement, death and disability benefits to its members. HEHPRS employees are fully vested after 5 years of creditable service. Employees may retire at age 65 with 4 years of service; age 60 with 15 years of service; or age 50 with age and service equaling 80 or more. Employees may retire at or after age 55 and receive a reduced benefit if they have at least 10 years of service. For members hired prior to August 28, 1997, cost of living adjustments (COLA's) are provided annually based on 80% of the change in the Consumer Price Index (CPI) with a floor of 4% and a ceiling of 5%, until the cumulative amount of COLA's equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLA's are provided annually based on 80% of the CPI. Effective August 28, 1994, uniformed patrol members who previously served in the police force of any city will be allowed to purchase creditable service time of up to 4 years maximum.

Copies of financial reports issued by MOSERS and HEHPRS can be requested from:

Missouri State Employees' Retirement System
P.O. Box 209
907 Wildwood
Jefferson City, Missouri 65102-0209

Missouri Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, Missouri 65102-1930

Funding Requirement

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by State law to make all required contributions to the System. The actuarially determined contributions are expressed as a level percentage of covered payroll. Current year actuarially determined contribution rates for the MSEP, ALJLAP and the Judicial Plan are 11.59%, 22.32% and 55.30%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all contributions to HEHPRS. Current year calculated contribution rates are 34.94% for uniformed members of the Highway Patrol and 23.29% for non-uniformed members of the Highway Patrol and employees of the Department of Transportation. Actual contribution rates are the same as the calculated rates.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

	<u>MSEP</u>	<u>ALJLAP</u>	<u>Judicial Plan</u>	<u>HEHPRS</u>
Annual required contribution	\$ 209,515	\$ 1,072	\$ 22,088	\$ 77,440
Interest on net pension obligation	4,612	8	3,178	---
Actuarial adjustment to annual required contribution	<u>(3,230)</u>	<u>(5)</u>	<u>(2,145)</u>	<u>---</u>
Annual pension cost	210,897	1,075	23,121	77,440
Contributions made	<u>(209,515)</u>	<u>(1,072)</u>	<u>(22,088)</u>	<u>(77,440)</u>
Increase in net pension obligation	1,382	3	1,033	---
Net pension obligation, beginning of year	<u>54,256</u>	<u>90</u>	<u>37,384</u>	<u>---</u>
Net pension obligation, end of year	<u><u>\$ 55,638</u></u>	<u><u>\$ 93</u></u>	<u><u>\$ 38,417</u></u>	<u><u>\$ ---</u></u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2000, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MOSERS include (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase 4.5% per year after retirement.

The actuarial valuation of the System dated June 30, 2002, will set the required contribution rates for the fiscal year ending June 30, 2004. The actuarial value of assets was determined using a 3-year moving average market value method. The unfunded actuarial accrued liabilities are amortized on a closed basis as a level percentage of payroll over 33 years.

The annual required contribution for HEHPRS for the current year was determined as part of an actuarial valuation as of June 30, 2001, using the normal entry age actuarial cost method. Significant actuarial assumptions used in the valuation for HEHPRS include (a) rate of return on the investment of 8.25% and (b) projected wage inflation rate of 4.0%.

As of June 30, 2002, the actuarial valuation of assets was determined using a 5-year adjusted value average. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 34 years.

Trend Information (in thousands of dollars)

	MSEP			ALJLAP		
	Fiscal Year Ending			Fiscal Year Ending		
	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>
Annual Pension Cost (APC)	\$ 210,897	\$ 217,459	\$ 204,053	\$ 1,075	\$ 1,078	\$ 810
Percentage of APC Contributed	99.34%	99.21%	99.16%	99.77%	99.74%	99.65%
Net Pension Obligation	\$ 55,638	\$ 54,256	\$ 52,547	\$ 93	\$ 90	\$ 87
	Judicial Plan			HEHPRS		
	Fiscal Year Ending			Fiscal Year Ending		
	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>
Annual Pension Cost (APC)	\$ 23,121	\$ 23,651	\$ 21,175	\$ 77,440	\$ 81,155	\$ 70,051
Percentage of APC Contributed	95.53%	95.02%	94.40%	100%	100%	100%
Net Pension Obligation	\$ 38,417	\$ 37,384	\$ 36,207	\$ ---	\$ ---	\$ ---

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

Public School Retirement System of Missouri:

The State of Missouri also made employer contributions to the Public School Retirement System of Missouri which is a cost-sharing multiple-employer defined benefit public employees' retirement system. The System includes all public school districts within the State except for the two districts covering the major metropolitan areas. It also includes certain public colleges and universities and some State employees.

The benefit provisions include retirement annuities, death benefits and disability benefits. A member is vested after acquiring five years of membership credit for Missouri service.

The System was created and is governed by Chapter 169 of the Revised Statutes of Missouri. State employees who elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$3,056,577, \$3,514,745, and \$3,297,780 for the years ending June 30, 2002, 2001 and 2000, respectively, to the System, equal to the required contributions for each year.

Copies of the System's June 30, 2002, Comprehensive Annual Financial Report can be requested from:

Public School Retirement System of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

Missouri State Employees' Deferred Compensation Incentive Plan:

The Plan was established by the Missouri State Public Employees' Deferred Compensation Commission in July 1995 pursuant to Section 401(a) of the Internal Revenue Code. It is administered by the Public Employees Benefit Services Corporation (PEBSCO).

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months immediately preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes \$25 per month for each employee that meets these requirements. Employees at all times shall be 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2002, employer contributions were \$18,959,411. No employee contributions are made to the Plan.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

College and University:

University of Missouri Retirement System

Plan Description

The University of Missouri Retirement, Disability and Death Benefit Plan is a single employer, defined benefit Plan for all qualified employees. The University's Board of Curators establishes the terms of the Plan, and the University, as authorized by State statute, administers it.

All full-time employees are eligible for benefits after five years of credited service. Full benefits are available to members who retire at age 65 or after. Early retirement may be taken, at member's option, after age 55 with at least ten years of credited service, or age 60 with five years of credited service. Benefits are reduced for those who retire early, unless they retire at age 62 or later with at least 25 years of credited service. At retirement, up to 30% of the value of the retirement annuity can be taken in a lump sum; also the single life annuity can be exchanged for an actuarially annuity option.

Separate financial statements and supplemental schedules are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2002 Financial Report, which is publicly available. Copies of this report can be requested from:

University of Missouri System
Office of the Controller
118 University Hall
Columbia, Missouri 65211

Funding Requirement

The University's contributions to the Plan are equal to the actuarially determined contribution requirement, as a percent of payroll, which averaged 3.6% for the year ended June 30, 2002. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually at the beginning of the University's fiscal year on July 1 to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1, and the adoption of any Plan amendments during the interim.

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension obligation for the current year were as follows (in thousands of dollars):

Annual required contribution	\$ 25,319
Interest on net pension obligation	---
Adjustment to annual required contribution	---
Annual pension cost	25,319
Contributions made	(25,319)
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	\$ ---

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 7 – Retirement Systems (cont.)

The annual required contribution for the University for the current year was determined as part of an actuarial valuation of the System as of October 1, 2000, using the entry age normal actuarial cost method and adjusted for the Plan amendments effective September 1, 2001. Significant actuarial assumptions used in the valuation include (a) assumed rate of return on investments of 8.0% per year, (b) projected salary increases for academic and administrative employees averaging 5.2% per year, (c) projected salary increases for clerical and service employees averaging 4.5% per year and, (d) assumed no future retiree ad-hoc increases or cost of living adjustments.

Trend Information (in thousands of dollars)

	<u>Fiscal Year Ending</u>		
	<u>06/30/02</u>	<u>06/30/01</u>	<u>06/30/00</u>
Annual Pension Cost (APC)	\$ 25,319	\$ 29,272	\$ 37,036
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

Note 8 – Other Postemployment Benefits

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who retire from the State and employees receiving long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the Highway and Transportation Employees' and Highway Patrol Insurance Plan (HEHPIP), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, HEHPIP, and CEIP for health care benefits are approximately 11,065, 3,759, and 418, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, HEHPIP, and CEIP for life insurance benefits are 11,429, 2,905, and 344, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. HEHPIP and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2002 the State's contributions were 49.23% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the number of retirees/long-term disability claimants participating are as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	11,065	---
MOSERS	---	11,429
HEHPIP	3,759	2,905
CEIP	418	344
Total	<u>15,242</u>	<u>14,678</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 8 – Other Postemployment Benefits (cont.)

During fiscal year 2002 the State contributed the following amounts:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 25,792,465	\$ ---
MOSERS	---	1,352,463
HEHPIP	6,719,723	---
CEIP	<u>720,000</u>	<u>---</u>
Total	<u>\$ 33,232,188</u>	<u>\$ 1,352,463</u>

During fiscal year 2002 the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows:

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 48,088,445	\$ ---
MOSERS	---	---
HEHPIP	17,299,752	1,596,000
CEIP	<u>1,572,000</u>	<u>144,000</u>
Total	<u>\$ 66,960,197</u>	<u>\$ 1,740,000</u>

College and University Funds:

University of Missouri

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 4,965 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2002 the University's contributions were 54.34% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 4,595 for medical care, 3,959 for dental care, 2,397 for life insurance, and 3,488 for Accidental Death and Dismemberment, Dependent Life and Long-Term Care. During fiscal year 2002, the University contributed \$11,798,000 for other postemployment benefits. During fiscal year 2002, the expenditures recognized by the University for (employer/employee) other postemployment benefits were \$23,531,227.

STATE OF MISSOURI
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Note 9 – Missouri State Public Employees' Deferred Compensation Plan

In accordance with Internal Revenue Code Section 457, the State offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under the Plan, employees are permitted to defer a portion of their current salary until future years.

All amounts of compensation deferred under the Plan must be held in a trust, custodial account or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Investments are managed by the Plan's trustee under one of several investment options, or a combination thereof. The choice of investment option(s) is made by the participants.

Copies of the Plan's financial statements can be requested from:

PEBSCO – A Division of Nationwide
Retirement Solutions, Inc.
One Nationwide Plaza, 1-13-G1
Columbus, Ohio 43215-2220

Note 10 – Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2002 (in thousands of dollars):

	Balance July 1, 2001	Increases	Decreases	Balance June 30, 2002	Due Within One Year
Governmental Activities:					
Due to Other Entities	\$ 20,726	\$ 5,025	\$ (5,600)	\$ 20,151	\$ 263
General Obligation Bonds Payable	978,950	---	(55,155)	923,795	58,085
Other Bonds Payable	633,390	521,465	(100,440)	1,054,415	30,885
Obligations Under Lease/Purchases	212,859	51,205	(28,671)	235,393	22,751
Compensated Absences	161,767	130,202	(134,997)	156,972	134,997
Claims/Judgements	82,198	228,770	(30,675)	280,293	30,675
Total Governmental Activities	<u>\$ 2,089,890</u>	<u>\$ 936,667</u>	<u>\$ (355,538)</u>	<u>\$ 2,671,019</u>	<u>\$ 277,656</u>
			Premium	11,891	
				<u>\$ 2,682,910</u>	
Business-Type Activities:					
Grand Prize Winner Liability	\$ 81,183	\$ 9,263	\$ (9,922)	\$ 80,524	\$ 10,198
Obligations Under Lease/Purchases	29	---	(1)	28	1
Compensated Absences	2,174	1,319	(1,615)	1,878	1,615
Total Business-Type Activities	<u>\$ 83,386</u>	<u>\$ 10,582</u>	<u>\$ (11,538)</u>	<u>\$ 82,430</u>	<u>\$ 11,814</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable

Long-Term Liabilities – Prior to GASB 34, the following bonds were included in the General Long-Term Debt Account Group. The General Long-Term Debt Account Group was eliminated under GASB 34, which was implemented for the fiscal year ending June 30, 2002. These bonds are currently classified as long-term liabilities and are reconciling items from fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Assets, the long-term liabilities are shown as the amounts due within one year from the date of the statement and the amounts due in more than one year from the date of the statement. These bonds are included as long-term liabilities because the principal and interest payments required for retirement of the bonds are made from governmental funds.

General Obligation Bonds:

The Board of Fund Commissioner's of the State of Missouri, upon voter approval and subsequent authorization of the General Assembly, issues general obligation bonds that are secured by a pledge of the full faith, credit and resources of the State. The principal and interest amounts are transferred one year in advance from the General Fund to the Debt Service Funds from which principal and interest payments are made. Four types of general obligation bonds are currently outstanding. The Water Pollution Control Bonds are used to provide funds for the protection of the environment through the control of water pollution. The total amount authorized for issue is \$725,000,000. Proceeds from the \$600,000,000 Third State Building Bonds were used to provide funds for improvements of State buildings and property. Proceeds from the \$250,000,000 Fourth State Building Bonds are used to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. Proceeds from the Stormwater Control Bonds will be used to provide funds to protect the environment through the control of stormwater. The total amount authorized for issue is \$200,000,000.

To take advantage of lower interest rates, the Board of Fund Commissioners has issued bonds to refund various outstanding bond issues. The following indicates the refunding bonds issued by the Board (in thousands of dollars):

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Water Pollution Control Bonds:				
Series A 1987 Refunding	8/1/87	\$ 49,715	A 1981	\$ 16,940
			B 1983	9,625
			A 1985	19,575
Series B 1991 Refunding	11/1/91	17,435	A 1983	16,415
Series C 1991 Refunding	11/1/91	33,575	B 1987	30,695
Series B 1992 Refunding	8/15/92	50,435	A 1986	46,400
Series B 1993 Refunding	8/1/93	109,415	A 1987 Refunding	33,240
			A 1989	27,280
			A 1991	27,350
			B 1991 Refunding	11,355
Third State Building Bonds:				
Series A 1987 Refunding	8/1/87	170,115	B 1983	33,675
			A 1984	48,130
			A 1985	73,375
Series A 1991 Refunding	11/1/91	34,870	A 1983	32,835
Series B 1991 Refunding	11/1/91	71,955	B 1987	65,780
Series A 1992 Refunding	8/15/92	273,205	A 1986	251,355
Series A 1993 Refunding	8/1/93	148,480	A 1987 Refunding	113,725
			A 1991 Refunding	22,935

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The additional principal amount of the refunding bonds does not decrease the amount of the authorization.

As of June 30, 2002, \$514,494,240 of the Water Pollution Control Bonds; \$600,000,000 of the Third State Building Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$30,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$210,505,760 and Stormwater Control Bonds is \$170,000,000. There is no remaining authorization for the Third State Building Bonds and the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series C 1991 – Refunding	5.25 – 7.75%	5/1; 11/1	11/91	11/1/12	\$ 33,575	\$ 21,875
Series A 1992	5.0 – 7.5%	2/1; 8/1	8/92	8/1/17	35,000	27,630
Series B 1992 – Refunding	5.0 – 7.5%	2/1; 8/1	8/92	8/1/10	50,435	36,605
Series A 1993	4.3 – 7.3%	2/1; 8/1	8/93	8/1/18	30,000	24,195
Series B 1993 – Refunding	4.3 – 7.3%	2/1; 8/1	8/93	8/1/16	109,415	90,205
Series A 1995	5.125 – 8.0%	4/1; 10/1	4/95	4/1/20	30,000	25,230
Series A 1996	5.2 – 6.25%	2/1; 8/1	8/96	8/1/21	35,000	30,945
Series A 1998	4.25 – 6.25%	12/1; 6/1	6/98	6/1/23	35,000	31,595
Series A 1999	4.5 – 7.5%	10/1; 4/1	10/99	10/1/24	20,000	19,095
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	20,000	19,530
Third State Building Bonds:						
Series B 1991 – Refunding	5.25 – 7.75%	5/1; 11/1	11/91	11/1/12	71,955	47,320
Series A 1992 – Refunding	5.0 – 7.5%	2/1; 8/1	8/92	8/1/10	273,205	198,970
Series A 1993 – Refunding	4.3 – 7.3%	2/1; 8/1	8/93	8/1/12	148,480	103,015
Fourth State Building Bonds:						
Series A 1995	5.125 – 8.0%	4/1; 10/1	4/95	4/1/20	75,000	63,070
Series A 1996	5.2 – 6.25%	2/1; 8/1	8/96	8/1/21	125,000	110,515
Series A 1998	4.25 – 6.25%	12/1; 6/1	6/98	6/1/23	50,000	45,140
Stormwater Control Bonds:						
Series A 1999	4.5 – 7.5%	10/1; 4/1	10/99	10/1/24	20,000	19,095
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	10,000	9,765
Total General Obligation Bonds					<u>\$ 1,172,065</u>	<u>\$ 923,795</u>

As of June 30, 2002, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2003	\$ 58,085	\$ 47,596	\$ 105,681
2004	60,965	44,525	105,490
2005	64,500	41,232	105,732
2006	67,725	37,733	105,458
2007–2011	351,250	132,436	483,686
2012–2016	150,360	66,691	217,051
2017–2021	129,535	28,800	158,335
2022–2026	41,375	3,686	45,061
Totals	<u>\$ 923,795</u>	<u>\$ 402,699</u>	<u>\$ 1,326,494</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Other Bonds:

The Board of Public Buildings of the State of Missouri, upon the approval of the General Assembly, issues revenue bonds for building projects and commits State agencies to lease space in these buildings. The General Assembly appropriates to the Board, on behalf of the State agencies, amounts sufficient to pay the principal and interest on the bonds, maintain certain required reserves and to pay the costs of operations.

The total amount authorized for the Board equals \$425,000,000. As of November 1985, seven bond series equaling \$161,155,000 had been issued. In December 1985, the Board issued \$150,560,000 principal amount of State Building Special Obligation Refunding Bonds, Series A 1985 for the purpose of refunding all of the then outstanding Board of Public Buildings Bond issues. The outstanding principal amounts at the time of refunding were \$150,560,000. During 1988, four series of bonds equaling \$28,755,000 were issued. In December 1991, the Board issued \$148,500,000 principal amount of State Building Special Obligation Refunding Bonds, Series A 1991, for the purpose of refunding four of the five outstanding Board of Public Buildings Bond issues. The outstanding principal amount refunded was \$131,560,000. In May 2001, the Board issued \$173,870,000 principal amount of State Building Special Obligation Bonds, Series A 2001. In September 2001, the Board issued \$83,465,000 principal amount of State Building Special Obligation Refunding Bonds, Series B 2001, for the purpose of refunding \$86,810,000 of outstanding State Building Special Obligation Refunding Bonds, Series A 1991. As of June 30, 2002, the Board of Public Buildings Bonds had used \$363,780,000 of the bond authorization.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2001	4.25 – 5.5%	5/1; 11/1	5/01	5/1/26	\$ 173,870	\$ 170,100
Series B 2001 – Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	83,465	83,465
Total Board of Public Buildings Bonds					<u>\$ 257,335</u>	<u>\$ 253,565</u>

As of June 30, 2002, the debt service requirements for principal and interest in future years for the Board of Public Buildings Bonds were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2003	\$ 11,505	\$ 12,312	\$ 23,817
2004	13,005	11,766	24,771
2005	13,560	11,229	24,789
2006	14,130	10,614	24,744
2007	14,675	10,055	24,730
2008–2012	63,695	39,250	102,945
2013–2017	36,130	27,539	63,669
2018–2022	43,385	17,698	61,083
2023–2027	43,480	5,631	49,111
Totals	<u>\$ 253,565</u>	<u>\$ 146,094</u>	<u>\$ 399,659</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The Health and Educational Facilities Authority issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project), Series 2001, dated November 1, 2001. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated November 1, 2001, the Office of Administration will request that the Governor’s annual budget request to the General Assembly include the State’s financing amount for principal and interest each year. The bonds are included as Long-Term Liabilities since they will be repaid with moneys from the General Fund.

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2002 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Educational Facilities Revenue Bonds:						
Series 2001	3.0 – 5.0%	5/1; 11/1	11/01	11/1/21	<u>\$ 35,000</u>	<u>\$ 35,000</u>

As of June 30, 2002, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ ---	\$ 1,554	\$ 1,554
2004	---	1,554	1,554
2005	1,335	1,534	2,869
2006	1,380	1,493	2,873
2007	1,430	1,450	2,880
2008–2012	8,085	6,342	14,427
2013–2017	10,040	4,310	14,350
2018–2022	<u>12,730</u>	<u>1,600</u>	<u>14,330</u>
Totals	<u>\$ 35,000</u>	<u>\$ 19,837</u>	<u>\$ 54,837</u>

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds, Series A 1991, dated August 15, 1991. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds, Series A 1993, for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. These bonds are limited obligations of the Authority and do not constitute a pledge of the full faith and credit of the State. However, under a financing agreement dated August 1, 1991, the Office of Administration will request that the Governor’s annual budget request to the General Assembly include the State’s financing amount of \$10,000,000 for principal and interest and \$2,000,000 for maintenance each year. The bonds are included as Long-Term Liabilities since they will be repaid with moneys from the General Fund.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2002 were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Convention and Sports Facility Project Bonds:						
Series A 1991	4.9 – 6.9%	2/15; 8/15	8/91	8/15/03	\$ 132,910	\$ 5,515
Series A 1993 – Refunding	2.75 – 5.6%	2/15; 8/15	12/93	8/15/21	<u>121,705</u>	<u>113,945</u>
Total Convention and Sports Facility Project Bonds					<u>\$ 254,615</u>	<u>\$ 119,460</u>

As of June 30, 2002, the debt service requirement of the State for principal and interest in future years for the Convention and Sports Facility Project Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 3,445	\$ 6,555	\$ 10,000
2004	3,655	6,345	10,000
2005	3,880	6,120	10,000
2006	4,065	5,935	10,000
2007	4,265	5,735	10,000
2008–2012	24,930	25,070	50,000
2013–2017	32,550	17,450	50,000
2018–2022	<u>42,670</u>	<u>2,330</u>	<u>45,000</u>
Totals	<u>\$ 119,460</u>	<u>\$ 75,540</u>	<u>\$ 195,000</u>

The Missouri Highways and Transportation Commission authorized by Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the State Road Fund.

The total amount authorized for the Commission equals \$2,250,000,000. On December 1, 2000, the Commission issued \$250,000,000 principal amount of State Road Bonds, Series A 2000. In October 2001, the Commission issued \$200,000,000 principal amount of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with principal amount of \$203,000,000. As of June 2002, the Missouri Highways and Transportation Commission had used \$653,000,000 of the bond authorization.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

The State Road Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2000	4.30–5.625%	2/1; 8/1	12/00	2/1/20	\$ 250,000	\$ 243,390
Series A 2001	2.25–5.125%	2/1; 8/1	10/01	2/1/21	200,000	200,000
Series A 2002	3.00–5.25%	2/1; 8/1	6/02	2/1/22	<u>203,000</u>	<u>203,000</u>
Total Missouri Highways and Transportation Commission					<u>\$ 653,000</u>	<u>\$ 646,390</u>

As of June 30, 2002 debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission State Road Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 15,935	\$ 28,041	\$ 43,976
2004	23,455	31,086	54,541
2005	24,375	30,126	54,501
2006	25,340	29,154	54,494
2007	26,400	28,107	54,507
2008–2012	150,765	121,008	271,773
2013–2017	192,355	79,519	271,874
2018–2021	<u>187,765</u>	<u>25,048</u>	<u>212,813</u>
Totals	<u>\$ 646,390</u>	<u>\$ 372,089</u>	<u>\$ 1,018,479</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Component Units' Long-Term Debt – The following bonds are included in the balance sheet of the College and University Funds and the Non-Major Component Units.

Major

College and University Funds:

The colleges and universities of the State issue revenue bonds for various projects on each respective campus. Bonds are payable, both principal and interest, only out of net income and revenues arising from operations of facilities funded by the bonds. As of June 30, 2002, debt service requirements for principal and interest for the colleges and universities were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 21,256	\$ 34,380	\$ 55,636
2004	22,566	33,363	55,929
2005	23,533	32,350	55,883
2006	25,207	31,258	56,465
2007	25,976	30,095	56,071
2008–2012	131,841	131,743	263,584
2013–2017	139,176	98,825	238,001
2018–2022	123,681	65,294	188,975
2023–2027	118,485	35,316	153,801
2028–2033	106,330	11,478	117,808
Totals ⁽¹⁾	<u>\$ 738,051</u>	<u>\$ 504,102</u>	<u>\$ 1,242,153</u>

⁽¹⁾ The bond schedule does not include notes payable, therefore, it differs from the bonds and notes payable amount reported in the statements.

Non-Major

Development Finance Board:

The Development Finance Board issued \$39,555,000 in Facilities Revenue Bonds in December 2000 for the purpose of paying the costs of acquiring and constructing a convention center hotel and hotel garage in St. Louis. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the convention center.

The Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Development Finance Board:						
Revenue Bonds						
Series 2000A	up to 6.7%	12/1	12/00	12/1/05	\$ 18,455	\$ 13,455
Series 2000B	up to 8.5%	12/1	12/00	12/1/20	6,500	6,500
Series 2000C	up to 8.5%	12/1	12/00	12/1/20	14,600	14,600
Total Development Finance Board Revenue Bonds					<u>\$ 39,555</u>	<u>\$ 34,555</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

As of June 30, 2002, the debt service requirements for principal and interest in future years for the Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ ---	\$ 2,937	\$ 2,937
2004	---	2,937	2,937
2005	---	2,942	2,942
2006	13,455	2,270	15,725
2007	300	1,794	2,094
2008–2012	1,500	8,590	10,090
2013–2017	2,000	7,871	9,871
2018–2021	17,300	5,605	22,905
Totals	<u>\$ 34,555</u>	<u>\$ 34,946</u>	<u>\$ 69,501</u>

Transportation Corporations:

The Fulton 54 Transportation Corporation issued \$8,705,000 of Highway Revenue Bonds Series 2000 dated September 1, 2000. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Fulton 54 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Fulton 54 Transportation Corporation:						
Highway Revenue Bonds Series 2000	4.60–5.00%	9/1	9/00	9/1/07	<u>\$ 8,705</u>	<u>\$ 8,705</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Fulton 54 Transportation Corporation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ ---	\$ 412	\$ 412
2004	---	412	412
2005	2,165	363	2,528
2006	2,165	262	2,427
2007	2,180	158	2,338
2008	2,195	52	2,247
Totals	<u>\$ 8,705</u>	<u>\$ 1,659</u>	<u>\$ 10,364</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under a financing agreement dated September 1, 2000, the Missouri Highways and Transportation Commission will make payments to the Fulton 54 Transportation Corporation in the amount of \$7,695,000 to pay a portion of the principal on the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Commission</u> <u>Payments</u>
2003	\$ ---
2004	---
2005	2,165
2006	2,165
2007	2,165
2008	<u>1,200</u>
Totals	<u>\$ 7,695</u>

The Missouri Highway 179 Transportation Corporation issued \$22,930,000 of Highway Revenue Bonds Series 1997 dated September 1, 1997. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Missouri Highway 179 Transportation Corporation Highway Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest</u> <u>Rates</u>	<u>Payment</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highway 179 Transportation Corporation: Highway Revenue Bonds Series 1997	3.95 – 5.25%	3/1; 9/1	9/97	9/1/08	<u>\$ 22,930</u>	<u>\$ 17,045</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Missouri Highway 179 Transportation Corporation Highway Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 2,130	\$ 758	\$ 2,888
2004	2,220	664	2,884
2005	2,315	563	2,878
2006	2,420	456	2,876
2007	2,530	344	2,874
2008–2009	<u>5,430</u>	<u>289</u>	<u>5,719</u>
Totals	<u>\$ 17,045</u>	<u>\$ 3,074</u>	<u>\$ 20,119</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under a financing agreement dated August 1, 1997, the Missouri Highways and Transportation Commission will make payments to the Highway 179 Transportation Corporation in the amount of \$24,910,000 to pay a portion of the principal and interest on the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Commission's Total Payments</u>
2003	\$ 1,856	\$ 445	\$ 2,301
2004	1,824	546	2,370
2005	1,782	658	2,440
2006	1,755	759	2,514
2007	1,709	880	2,589
2008–2009	<u>3,322</u>	<u>2,445</u>	<u>5,767</u>
Totals	<u>\$ 12,248</u>	<u>\$ 5,733</u>	<u>\$ 17,981</u>

In April 1997, the Springfield, MO State Highway Improvement Corporation issued \$16,440,000 of Transportation Revenue Bonds, Series 1997. On August 1, 1999, the Corporation issued \$17,240,000 of Transportation Revenue Bonds, Series 1999. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Springfield, MO State Highway Improvement Corporation: Transportation Revenue Bonds Series 1997	5.0 – 5.25%	2/1; 8/1	4/97	8/1/03	\$ 16,440	\$ 6,515
Bonds Series 1999	3.6 – 4.75%	2/1; 8/1	8/99	8/1/05	<u>17,240</u>	<u>15,170</u>
Total Springfield, MO State Highway Improvement Corporation Bonds					<u>\$ 33,680</u>	<u>\$ 21,685</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Springfield, MO State Highway Improvement Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 7,585	\$ 851	\$ 8,436
2004	5,630	527	6,157
2005	5,000	275	5,275
2006	<u>3,470</u>	<u>78</u>	<u>3,548</u>
Totals	<u>\$ 21,685</u>	<u>\$ 1,731</u>	<u>\$ 23,416</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under an amended financing agreement dated August 5, 1999, the Missouri Highways and Transportation Commission will make payments to the Springfield, MO Highway Improvement Corporation in the amount of \$28,667,000 to pay a portion of the principal of the bonds. The remaining payments are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Commission</u> <u>Payments</u>
2003	\$ 5,000
2004	5,000
2005	5,000
2006	<u>3,667</u>
Totals	<u>\$ 18,667</u>

The Wentzville Parkway Transportation Corporation issued \$12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Wentzville Parkway Transportation Corporation Transportation Revenue Bonds issued and outstanding as of June 30, 2002, were as follows (in thousands of dollars):

	<u>Interest</u> <u>Rates</u>	<u>Payment</u> <u>Dates</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Wentzville Parkway Transportation Corporation: Transportation Revenue Bonds Series 2001	3.4 – 4.9%	2/1; 8/1	5/01	8/1/10	<u>\$ 12,935</u>	<u>\$ 12,670</u>

As of June 30, 2002, debt service requirements for principal and interest in future years for the Wentzville Parkway Transportation Corporation Transportation Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2003	\$ 80	\$ 573	\$ 653
2004	80	570	650
2005	85	566	651
2006	100	562	662
2007	8,935	362	9,297
2008–2011	<u>3,390</u>	<u>430</u>	<u>3,820</u>
Totals	<u>\$ 12,670</u>	<u>\$ 3,063</u>	<u>\$ 15,733</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 11 – Bonds Payable (cont.)

Under a funding agreement dated April 6, 2001, the Missouri Highways and Transportation Commission will make a fixed sum payment to the Wentzville Parkway Transportation Corporation in the amount of \$8,849,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Commission</u> <u>Payments</u>
2003	\$ ---
2004	---
2005	---
2006	---
2007	<u>8,849</u>
Totals	<u>\$ 8,849</u>

Bond Transactions of the State of Missouri – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2002 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Other</u> <u>Bonds</u>	<u>Revenue Bonds</u>	<u>Totals</u>
Bonds Payable at July 1, 2001	\$ 978,950	\$ 633,390	\$ ---	\$ 1,612,340
Bond Issuance	---	521,465	---	521,465
Bonds Retired	<u>(55,155)</u>	<u>(100,440)</u>	<u>---</u>	<u>(155,595)</u>
Subtotal	923,795	1,054,415	---	1,978,210
College and University ⁽¹⁾	---	---	738,051	738,051
Development Finance Board	---	---	34,555	34,555
Fulton 54 Transportation Corporation	---	---	8,705	8,705
Highway 179 Transportation Corporation	---	---	17,045	17,045
Springfield, MO State Highway Improvement	---	---	21,685	21,685
Wentzville Parkway Transportation Corporation	<u>---</u>	<u>---</u>	<u>12,670</u>	<u>12,670</u>
Bonds Payable at June 30, 2002	<u>\$ 923,795</u>	<u>\$ 1,054,415</u>	<u>\$ 832,711</u>	<u>\$ 2,810,921</u>

⁽¹⁾ Detailed information for College and University Funds are not shown.

Note 12 – Defeased Debt

A. Current Year Debt Defeasance

On September 25, 2001, the Board of Public Buildings of the State of Missouri issued \$83,465,000 of State Building Special Obligation Refunding Bonds. Proceeds to be received from the sale of the Bonds will be used to refund the Board's State Building Special Obligation Refunding Bonds, Series A 1991, pay interest on the Refunded Bonds and pay certain costs of issuance of the Bonds. At June 30, 2002, defeased bonds outstanding are \$78,835,000.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 12 – Defeased Debt (cont.)

On August 8, 2001, the University of Missouri issued \$44,975,000 of Series 2001 B Bonds at a rate of 5.12%. Proceeds from the issuance of the Series 2001 B Bonds will be used to advance refund and defease a portion of the University of Missouri System Facilities Revenue Bonds, Series 1997 in the amount of \$43,035,000 and to finance certain costs of issuance. In connection with the in-substance defeasance of the Series 1997 Bonds, there was a loss of \$2,320,000. The loss was deferred and included as deferred charges to be amortized over the remaining life of the original Series 1997 Bonds. The defeasance will decrease aggregate debt service payments by \$1,838,000 resulting in an economic gain (difference between the present values of the old and new debt service payments) to the University of \$1,408,000. At June 30, 2002, defeased and in-substance defeased bonds aggregating \$71,494,000 are outstanding.

On January 15, 2002, Central Missouri State University issued \$17,850,000 of bonds. The bonds bear interest at rates of 1.5% to 4.6% paid semiannually. Proceeds from the issuance of these bonds were used to refund the Student Housing System Refunding Revenue Series 1993 Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$164,769. The difference is reported as a deduction from bonds payable and is being amortized to interest expense through the year 2015. The University completed the advance refunding to reduce its total debt service payments over the next 13 years by \$73,158 and to obtain an economic gain of approximately \$606,000. On June 30, 2002, \$1,870,000 of bonds outstanding are considered defeased.

On August 30, 2001, Southeast Missouri State University issued \$30,975,000 of System Facilities Refunding and Improvement Revenue Bonds Series 2001. The Series 2001 Bonds refund \$12,855,000 of Housing System Refunding and Improvement Revenue Bonds Series 1993. Net proceeds in the amount of \$13,799,880 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the \$12,855,000 of Series 1993 Bonds advance refunded. This portion of the Series 1993 Bonds, is considered to be defeased and the liability for these bonds has been removed from the financial statements of the University. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$647,301. This difference was reported as a reduction from revenue bonds payable and is being charged to operations through 2021 using the bonds outstanding method. At June 30, 2002, defeased bonds aggregating \$14,096,000 are outstanding. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$647,301. This difference is reported as a reduction from revenue bonds payable and is being charged to operations through 2021 using the bonds outstanding method. The University completed the advance refunding to reduce its total debt service payments over the next 20 years by \$1,174,835 and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of \$822,469.

B. Prior Year Debt Defeasances

In prior years, various bond issues were defeased by creating separate irrevocable trust funds.

Either new debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds or sufficient funds have been deposited in an irrevocable escrow to pay principal and interest as they become due.

For financial reporting purposes, the following debt has been defeased and therefore removed as a liability from the Governmental Activities, Business-Type Activities or College and University Funds statement of net assets.

Governmental Activities – As of June 30, 2002, bonds outstanding of \$807,849,000 are defeased.

College and University Funds – As of June 30, 2002, bonds outstanding of \$110,189,000 are defeased.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 13 – Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2002, is shown below (in thousands of dollars):

<u>Due From/To Other Funds</u>	<u>Assets</u>	<u>Liabilities</u>
General Fund	\$ ---	\$ 19,344
Public Education	8,260	125
Conservation and Environmental Protection	4,937	992
Transportation and Law Enforcement	---	1,425
State Road Fund	2,508	---
Non-Major Governmental Funds	---	748
State Lottery	---	8,345
Non-Major Enterprise Funds	---	335
Internal Service Funds	8,804	467
Fiduciary Funds	32,440	20,231
Non-Major Component Units	---	4,937
	<u>\$ 56,949</u>	<u>\$ 56,949</u>

Interfund assets and liabilities are recorded for payroll liabilities, group insurance, deferred compensation, and retirement. Interfund assets and liabilities are also recorded for transfers of money to Public Education from the State Lottery and between the State Road Fund and Fiduciary Funds.

<u>Advances To/From Other Funds</u>	<u>Assets</u>	<u>Liabilities</u>
General Fund	\$ ---	\$ 45,345
State Road Fund	---	65,803
Fiduciary Funds	45,345	3,202
Non-Major Component Units	71,875	2,870
	<u>\$ 117,220</u>	<u>\$ 117,220</u>

Interfund advances, which are not expected to be repaid within one year, include \$69.0 million due from the State Road Fund and Fiduciary Funds to the Component Units and \$45.3 million due from the General Fund to Unclaimed Property, a Fiduciary Fund.

The loans from the Component Units were for the construction of additional State highways. Loans from the Unclaimed Property Fiduciary Fund were to provide for cash requirements.

The Government-Wide Combined Statement of Net Assets reports due to/due from other funds on a consolidated basis. The governmental activities column of the statement has been adjusted by eliminating \$29 due from the State Road Fund, \$20 due to the General Fund, and \$9 due to Transportation and Law Enforcement.

Advances between non-major component units of \$2,870 have been eliminated on the Combining Statement of Net Assets Component Units and the Government-Wide Combined Statement of Net Assets.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 14 – Interfund Transfers

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2002 are as follows (in thousands of dollars):

	Transfers In:				
	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	State Road Fund
Transfers Out:					
General Fund	\$ ---	\$ 2,220,546	\$ ---	\$ 8,117	\$ 38
Public Education	3,066	---	---	---	---
Conservation and Environmental Protection	2,438	---	---	---	---
Transportation and Law Enforcement	2,136	---	---	---	165,212
Non-Major Governmental Funds	243,064	36,296	9,043	---	---
State Lottery	33	161,157	---	---	---
Non-Major Enterprise Funds	1,780	---	---	862	---
Internal Service Funds	4,838	---	---	---	---
Fiduciary Funds	15,442	---	---	---	---
Non-Major Component Units	34	---	---	---	---
Totals	\$ 272,831	\$ 2,417,999	\$ 9,043	\$ 8,979	\$ 165,250

Continues Below

	Non-Major Governmental	Non-Major Enterprise	Fiduciary	Colleges and Universities	Totals
Transfers Out:					
General Fund	\$ 124,740	\$ ---	\$ 17,300	\$ 674,135	\$ 3,044,876
Public Education	---	---	107	79,261	82,434
Conservation and Environmental Protection	3,561	---	923	---	6,922
Transportation and Law Enforcement	2	---	1,489	---	168,839
Non-Major Governmental Funds	8,751	7,820	646	---	305,620
State Lottery	---	---	---	---	161,190
Non-Major Enterprise Funds	---	---	365	---	3,007
Internal Service Funds	---	---	181	---	5,019
Fiduciary Funds	629	---	---	---	16,071
Non-Major Component Units	---	---	---	---	34
Totals	\$ 137,683	\$ 7,820	\$ 21,011	\$ 753,396	\$ 3,794,012

Principle reasons for interfund transfers include:

- move general revenue funds to support elementary and secondary education
- move revenue from the State Lottery to support elementary and secondary education
- move general revenue funds to support social assistance programs reported in non-major governmental funds
- move funds related to the construction of capital assets.

During fiscal year 2002, certain funds were required to reimburse the central service agencies for overhead costs incurred on their behalf. The total amount reimbursed was \$13 million.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 15 – Restatements

During fiscal year 2002, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund categories (in thousands of dollars). See *Note 2 – Reporting Changes and Reclassifications* for more details.

	June 30, 2001 Fund Balance/ Fund Equity as Previously Reported	Fund Reclassifications	Other Prior Period Adjustments	June 30, 2001 Fund Balance/ Net Assets as Restated
GOVERNMENTAL FUNDS AND ACTIVITIES				
Major Funds				
General Fund	\$ 990,090	\$ 39	\$ 283	\$ 990,412
Public Education	404,290	205	(6,226)	398,269
Conservation and Environmental Protection	684,715	844	(4,605)	680,954
Transportation and Law Enforcement	167,640	---	(30)	167,610
State Road Fund	207,549	---	(27,055)	180,494
Non-Major Governmental Funds				
Special Revenue	412,366	18,373	(50)	430,689
Debt Service	113,248	---	---	113,248
Capital Projects	184,038	---	5	184,043
Permanent	---	38,650	---	38,650
Total Governmental Funds	<u>3,163,936</u>	<u>58,111</u>	<u>(37,678)</u>	<u>3,184,369</u>
Reconciling Items to Government-Wide Statements				
Revenue Recognition	---	---	365,394	365,394
Capital Assets, Net of Depreciation	---	3,616,424	22,642,423	26,258,847
General Long-Term Obligations	---	---	(2,081,722)	(2,081,722)
Other Reconciling Items	---	---	153,732	153,732
Internal Service Fund Conversion	---	367,874	3,039	370,913
Total Reconciling Items	<u>---</u>	<u>3,984,298</u>	<u>21,082,866</u>	<u>25,067,164</u>
TOTAL GOVERNMENTAL FUNDS AND ACTIVITIES	<u>\$ 3,163,936</u>	<u>\$ 4,042,409</u>	<u>\$ 21,045,188</u>	<u>\$ 28,251,533</u>
PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES				
Major Funds				
State Lottery	\$ 8,403	\$ ---	\$ 6,226	\$ 14,629
Unemployment Compensation	---	464,083	---	464,083
Non-Major Funds				
Enterprise	342,914	(349,235)	(926)	(7,247)
Internal Service	62,101	(62,101)	---	---
TOTAL PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES	<u>\$ 413,418</u>	<u>\$ 52,747</u>	<u>\$ 5,300</u>	<u>\$ 471,465</u>
FIDUCIARY FUNDS				
Pension Trust	\$ 6,943,409	\$ ---	\$ ---	\$ 6,943,409
Private-Purpose Trust	---	812,681	(2)	812,679
Expendable Trust	1,257,578	(1,257,576)	(2)	---
Non-Expendable Trust	38,650	(38,650)	---	---
TOTAL FIDUCIARY FUNDS	<u>\$ 8,239,637</u>	<u>\$ (483,545)</u>	<u>\$ (4)</u>	<u>\$ 7,756,088</u>
ACCOUNT GROUPS				
General Fixed Assets	\$ 3,611,611	\$ (3,611,611)	\$ ---	\$ ---
TOTAL ACCOUNT GROUPS	<u>\$ 3,611,611</u>	<u>\$ (3,611,611)</u>	<u>\$ ---</u>	<u>\$ ---</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 15,428,602</u>	<u>\$ ---</u>	<u>\$ 21,050,484</u>	<u>\$ 36,479,086</u>
DISCRETELY PRESENTED COMPONENT UNITS				
Colleges and Universities	\$ 6,622,157	\$ ---	\$ (3,428,352)	\$ 3,193,805
Non-Major Funds	178,779	---	(59,336)	119,443
TOTAL NET ASSETS FOR DISCRETELY PRESENTED COMPONENT UNITS -- RESTATED	<u>\$ 6,800,936</u>	<u>\$ ---</u>	<u>\$ (3,487,688)</u>	<u>\$ 3,313,248</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 16 – Fund Deficit

The following funds had deficit balances:

Enterprise Fund – Petroleum Storage Tank – At June 30, 2002, a net asset deficit of \$51,222,000 existed due to insufficient transport load fees collected to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will be closed on December 31, 2010, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the general assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the petroleum storage tank fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Internal Service Fund – Conservation Employees’ Insurance Plan – At June 30, 2002, this fund had a net asset deficit of \$1,012,000. This deficit occurred when revenue from insurance premiums was not sufficient to cover the cost of claims. In fiscal year 2002, there were a few exceptionally large claims processed which caused the fund deficit. The Board will continue to monitor the deficit and may increase contribution rates, if required.

Internal Service Fund – Transportation Self-Insurance Plan – At June 30, 2002, this fund had a net assets deficit of \$12,761,000. This deficit was \$4,917,000 at June 30, 2001. The deficit occurred when revenue from insurance premiums was not sufficient to cover the cost of claims. The self-insurance plan is subject to annual actuarial review which is done on a calendar year basis. The actuarial study will be completed by May 1, 2003. Any deficit will be identified and made part of the legislative appropriation process. Because of the timing of the budget request, additional funding may have to be made through supplemental process for calendar year 2003.

Internal Service Fund – Highway and Transportation Employees’ and Highway Patrol Insurance Plan – At June 30, 2002, this fund had a net assets deficit of \$5,675,000. This deficit was \$7,450,000 at June 30, 2001. Beginning January 1, 2002, the contribution rates increased resulting in a fiscal year 2002 increase to net assets of \$1,775,000. MoDOT and the Medical Board increased State contribution rates again in January 2003 for this Plan. MoDOT and the Medical Board will continue to monitor ways to recover this deficit. This may include future increases to State and member contribution rates.

Note 17 – Residual Equity Transfer

The residual equity transfer in to the General Fund is not shown because governmental fund financial statements do not report fixed assets. However, the residual equity transfer is included in the equipment balance in the government wide financial statements. A reconciliation of the transfers is as follows (in thousands of dollars):

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Office of Administration Revolving Fund	\$ ---	\$ 8
General Fund	8	---
Total	<u>\$ 8</u>	<u>\$ 8</u>

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 18 – Related Party Transactions

The Missouri State Public Employees' Deferred Compensation Plan is administered by the Public Employees Benefit Services Corporation of Missouri (PEBSCO) under a contract for a term ending June 1, 2004. PEBSCO is a wholly-owned subsidiary of Nationwide Corporation of Columbus, Ohio. Nationwide Life Insurance Company, one of the guaranteed fixed annuity and variable annuity underwriters for the Plan, is also a subsidiary of Nationwide Corporation. At December 31, 2001, total investments of the Plan were \$780,645,876 and investments in Nationwide Life Insurance Company were \$680,769,386.

The Highway and Transportation Employees' and Highway Patrol Retirement Plan reimburses the Missouri Highways and Transportation Commission for accounting, management, legal, data processing services, office space and utilities. The total reimbursement for fiscal year 2002 was \$559,721.

Note 19 – Commitments

A. Contracts

The Department of Conservation had construction contracts outstanding at June 30, 2002, of \$5,885,000. These contracts are funded through the Special Revenue Funds from specific sales tax, fees and permits.

The Department of Transportation had long-term contracts of \$982,854,579 outstanding at June 30, 2002. These contracts are paid from Capital Projects Funds with approximately 79.58% federal reimbursement expected.

The Office of Administration, Division of Design and Construction, had construction contracts outstanding at June 30, 2002, of \$197,313,742. Approximately 30% will be paid from the General Fund, 1% from the Special Revenue Funds, 5% from the Capital Projects Funds and 64% from the Internal Service Funds.

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provides a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2002 was \$427,398. Payment of principal and interest must be completed by the end of a 50 year period beginning from the date of the contract (March 1988).

STATE OF MISSOURI
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Note 19 – Commitments (cont.)

B. Leases

The State has entered into various operating leases for land and buildings. Each lease contains a fiscal funding clause indicating that continuation of the lease is subject to annual funding by the General Assembly. It is expected that in the normal course of business most of the leases will be renewed or replaced by similar leases. Future minimum commitments due under operating leases as of June 30, 2002, were as follows (in thousands of dollars):

<u>Year Ending June 30</u>	<u>Amount</u>
2003	\$ 30,030
2004	22,921
2005	15,832
2006	12,479
2007	7,609
2008–2020	<u>12,780</u>
Total Minimum Commitments	<u>\$ 101,651</u>

Expenditures for rent under operating leases for the years ended June 30, 2002 and June 30, 2001 were \$31,670,773 and \$28,232,089, respectively.

Note 20 – Contingencies

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, contractor liability, injuries to employees and desegregation. The State assumes its own liability for risks except for the purchase of surety bond, aircraft and boiler coverage.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported including the effects of specific, incremental claim adjustment expenditures/expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenditures/expenses. Liabilities are reported as a reconciling item to the Government-Wide Statement of Net Assets. The current portion of the liability will be presented in the General Fund. Expenditures are recognized as payments are made.

At June 30, 2002, the amount of these liabilities was \$280 million. Changes in the reported liability since June 30, 2001, resulted from the following:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance Fiscal Year End</u>
2001–2002	\$ 82,197,671	\$ 228,770,916	\$ (30,675,177)	\$ 280,293,410
2000–2001	109,069,624	(9,721,564)	(17,150,389)	82,197,671
1999–2000	135,921,033	(1,022,521)	(25,828,888)	109,069,624

The State receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for any expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, would be immaterial.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 20 – Contingencies (cont.)

Loan Guarantees:

The State appropriates money to the Development Finance Board for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Board makes the payment for default from State appropriations. The total loans outstanding at June 30, 2002, for which the Board has guaranteed payment is \$25,461. During 2002, no loans defaulted.

The State appropriates money to the Agricultural and Small Business Development Authority for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Authority makes the payment for default from State appropriations. The Authority administers the Single-Purpose Animal Facilities Loan Program and the Value Added Loan Guarantee Program, which provides a 25% first-loss guarantee on loans up to \$250,000. The total loans outstanding at June 30, 2002, for which the Authority has guaranteed payment is \$4,541,743 and \$825,841, respectively. There were no payments by the Authority for loan defaults in fiscal year 2002.

Medicaid Lawsuits:

In October of 2001, the University of Kansas Hospital Authority filed a lawsuit against the Department of Social Services/Division of Medical Services in the Circuit Court of Cole County, Missouri, challenging the reimbursement rate paid by Missouri to out of state hospitals on behalf of Missouri Medicaid beneficiaries. This action is being contested in Court and the fiscal impact is under review. In the event that plaintiff prevails in the action, the Division of Medical Services estimates that the relief KU Hospital seeks amounts to approximately \$3,710,758 for fiscal year 2002 alone. If the plaintiff prevails in their claim to collect damages for each year since 1991 the total liability of the Division of Medical Services may reach \$30,000,000, excluding interest. This is considered unlikely. The risk of loss would be shared with the federal government, approximately 40% state and 60% federal. It is estimated that application of a 5 year statute of limitation lowers the risk of loss to \$11,000,000 to \$18,000,000 if the plaintiff prevails on the claim.

Foster Care Claims:

In a letter dated December 4, 2001, the Department of Health and Human Services sent a notice disallowing payment of the federal share of certain Title IV-E foster care claims reported in the quarters ending March 31, 2001, June 30, 2001, and September 30, 2001. The amounts in question are \$2,575,720 federal share (\$5,008,537 total) for the quarter ending March 31, 2001; \$1,224,109 federal share (\$2,414,052 total) for the quarter ending June 30, 2001; and \$1,211,875 federal share (\$2,362,159 total) for the quarter ending September 30, 2001. The cumulative total Federal Financial Participation for the aforementioned quarters is \$5,011,704. This issue is being disputed and is under appeal. Pursuant to the disallowance, the Department of Health and Human Services has been withholding monies from the grant each quarter. As of June 30, 2002, the balance remaining that had not been recovered by the Department of Health and Human Services is \$2,261,107.

Use Tax Lawsuit for Machinery and Equipment:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859). The Missouri Supreme Court held that Southwestern Bell Telephone Company was entitled to a refund of sales and use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. The case was remanded to the Administrative Hearing Commission for further determination as to which items are used in manufacturing the digital phone service product. Refund requests exceed \$138.3 million for Southwestern Bell and other related telecommunication companies.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 21 – Joint Ventures

The Regional Convention and Sports Complex Authority was created by State law for the purpose of financing, constructing, operating and maintaining a multipurpose convention and sports facility to be located in the City of St. Louis. The Authority operates under a Board of Commissioners of whom five are appointed by the Governor of the State, three by the Mayor of the City of St. Louis, and three by the County Executive of St. Louis County. The Authority is granted all rights and powers necessary to plan, finance, construct, equip and maintain the facility.

The Authority is considered a joint venture of the State, City and County because it constitutes a contractual agreement for public benefit in which the State, City and County retain an ongoing financial responsibility for the Convention and Sports Facility Project Bonds. In August 1991, the Authority issued \$258,670,000 of Convention and Sports Facility Project Bonds. The bonds were sponsored in the amount of \$132,910,000 by the State (Series A), \$65,685,000 by the County (Series B) and \$60,075,000 by the City (Series C). In December 1993, the Authority issued \$181,885,000 in Convention and Sports Facility Project and Refunding Bonds to advance refund \$101,410,000 and \$50,275,000 of the outstanding 1991 Series A and Series B bonds, respectively, and for additional construction costs. The bonds were sponsored in the amount of \$121,705,000 by the State (Series A) and \$60,180,000 by the County (Series B). In February 1997, the Authority issued \$61,285,000 in Series C Refunding bonds to advance refund \$47,155,000 of the outstanding 1991 Series C bonds.

Pursuant to a financing agreement entered into in August 1991, the Authority leased the facility to the sponsors who subleased the facility back to the Authority. The payments made by the State, City and County under the financing agreement are sufficient to pay the principal and interest on the bonds. See *Note 17* for more information on the 1991 and 1993 Series A Bonds sponsored by the State.

Summary financial information for the Authority as of, and for the fiscal year ended December 31, 2001, is presented below (in thousands of dollars):

Total Assets	<u>\$ 320,868</u>
Total Liabilities	\$ 225,949
Total Equity	<u>94,919</u>
Total Liabilities and Equity	<u>\$ 320,868</u>
Total Revenues	\$ 26,705
Total Expenses	<u>25,241</u>
Net Increase in Retained Earnings	<u>\$ 1,464</u>

Copies of the Authority's financial statements can be requested from:

St. Louis Regional Convention
and Sports Complex Authority
901 North Broadway
St. Louis, Missouri 63101

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations

The State is responsible for appointing all or part of the members of the boards of other organizations, but the State's accountability for these organizations does not extend beyond making the appointments.

The following organizations are considered to be related organizations of the State of Missouri:

Health and Educational Facilities Authority – The Authority was created by State law and is authorized to issue revenue bonds to finance health and educational facilities for institutions within the State. The Authority also assists institutions in borrowing funds at the lowest possible cost in order to provide quality medical and educational services to State residents. These bonds do not constitute a debt or liability of the Authority or the State. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. The Authority's fiscal year ends December 31. Copies of the Authority's financial statements can be requested from:

Missouri Health and Educational
Facilities Authority
15450 South Outer Forty Road, Suite 230
Chesterfield, Missouri 63017

Missouri Higher Education Loan Authority – The Authority was created by State law and is authorized to issue debt to provide a secondary market for loans made under the Federal Family Education Loan Program provided for by the Higher Education Act. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate, one member of the Coordinating Board of Higher Education, and the Commissioner of Higher Education. Copies of the Authority's financial statements can be requested from:

Missouri Higher Education Loan Authority
633 Spirit Drive
Chesterfield, Missouri 63005

Housing Development Commission – The Commission was created by State law and is authorized to make or purchase mortgage loans and to insure mortgage loans, the funds of which are used to develop new or rehabilitate low and moderate income housing. The Commission is also authorized to issue bonds and notes for making or purchasing such loans. Bonds and notes issued by the Commission are not a debt of the State. The Commission has entered into a contract with the Department of Economic Development whereby the Department pays the Commission's staff salaries and related benefits from cash advanced monthly by the Commission. Its governing body is made up of the Governor, the Lieutenant Governor, the State Treasurer, the Attorney General and six members appointed by the Governor with the advice and consent of the Senate. If for any reason the Commission ceases to exist, its rights and properties shall pass to and be vested in the State, subject to the rights of lienholders and other creditors. Copies of the Commission's financial statements can be requested from:

Missouri Housing Development Commission
3435 Broadway
Kansas City, Missouri 64111

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

Missouri Technology Corporation – The Corporation was created by State law and contributes to the strengthening of the State's economy through the development of science and technology, promotes the modernization of Missouri businesses by supporting the transfer of science, technology and quality improvement methods to the workplace and enhances the productivity and modernization of Missouri businesses by providing leadership in the establishment of methods of technology application, technology commercialization and technology development. Its governing body consists of eleven members appointed by the Governor, the director of the Department of Economic Development, the president of the University of Missouri, a member of the Senate and a member of the House of Representatives. Copies of the Corporation's financial statements can be requested from:

Department of Economic Development
Division of Administration
P.O. Box 1157
Jefferson City, Missouri 65102

Public Entity Risk Management Fund – The Fund was created by State law and is authorized to provide liability protection to participating public entities, their officials and employees. The Fund reimburses the State of Missouri for all administrative costs. Its governing body consists of six members; the Attorney General, the Commissioner of Administration and four members appointed by the Governor with the advice and consent of the Senate. Copies of the Fund's financial statements can be requested from:

Missouri Public Entity Risk
Management Fund
P.O. Box 105080
Jefferson City, Missouri 65110-5080

Public School Retirement System – The System was created by State law and provides retirement benefits to employees of public school districts in the State, with the exception of the St. Louis and Kansas City districts. The State participates in the System as an employer of certified teachers who are members. However, the major financial support is from the public school districts. Its governing body consists of seven members; four elected by the System's members, and three members appointed by the Governor with the advice and consent of the Senate. Copies of the System's financial statements can be requested from:

Public School Retirement System
of Missouri
P.O. Box 268
3210 West Truman Boulevard
Jefferson City, Missouri 65109

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

State Environmental Improvement and Energy Resources Authority – The Authority, created by State law, is an independent, self-supporting, quasi-governmental agency, governed by a five member Board appointed by the Governor with the advice and consent of the Senate. The Authority is administratively placed in the Department of Natural Resources. The Authority is authorized to finance, acquire, construct and equip projects for the purpose of reducing, preventing or controlling pollution and to provide for the development of energy resources of the State. The usual method of financing is through the issuance of tax-exempt revenue bonds and notes. In March 1992, pursuant to Senate Bill #530, Section 260.335, RSMo, the Authority entered into an interagency agreement with the Department of Natural Resources (DNR) and the Department of Economic Development (DED) to promote markets for recycled materials. As required in that legislation, the program has been provided annual funding of \$1,000,000 upon appropriation by the Missouri Legislature, from the Solid Waste Management Fund, through fiscal year 1997. In fiscal year 1998, the funding changed to 10% of the Fund, not to exceed \$1,000,000. The Authority, in cooperation with the Missouri Clean Water Commission and other agencies, established and operates the State Revolving Fund (SRF), which provides financing to communities and districts for construction of clean water and drinking water projects. In cooperation with the Public Service Commission (PSC), the Authority has also established a bond and note financing program to assist privately owned water and wastewater treatment facilities. The Authority's employees are covered under the State retirement system with all contributions being made by the Authority. Upon termination or dissolution of the Authority, all rights and properties shall pass to and be vested in the State, subject to the rights of noteholders, bondholders and other creditors. Copies of the Authority's financial statements can be requested from:

State Environmental Improvement and
Energy Resources Authority
325 Jefferson Street, Suite 200
Jefferson City, Missouri 65101

Jackson County Sports Complex Authority – The Authority was created by State law and is responsible for the construction, operation and financing of the Jackson County Sports Complex. The funds and related accounts are maintained by fiscal agents who administer all investment transactions and act as paying agents for bond transactions. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

Jackson County Sports Complex Authority
8501 Stadium Drive
Kansas City, Missouri 64129-1698

Kansas City Regional Sports Complex Authority – The Authority was created by State law and is responsible for the study and review of all current major sports leagues, clubs, or franchises operating in Kansas City and analyzing the possibilities of future growth. Its governing body consists of seven members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

City of Kansas
Finance Department
1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106-2793

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

St. Charles County Convention and Sports Facility Authority – The Authority was created by State law and is responsible for planning, constructing, and managing convention and sports facilities in the St. Charles area. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

St. Charles County Convention and
Sports Facility Authority
P.O. Box 858
St. Charles, Missouri 63302

Springfield Convention Center Authority – The Authority was created by State law and is responsible for the construction, operation and financing of the Ozark Empire Fairgrounds Project. The funds and related accounts are maintained by fiscal agents who administer all investment transactions and act as paying agents for land transactions. Its governing body consists of five members appointed by the Governor with the advice and consent of the Senate. Copies of the Authority's financial statements can be requested from:

City of Springfield
Finance Department
P.O. Box 8368
840 Boonville Avenue
Springfield, Missouri 65801-8368

KCT Intermodal Transportation Corporation (KCT-ITC) – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. KCT-ITC is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of constructing a railroad bridge to effectuate a grade separation of two at-grade rail crossings in the Blue Valley Industrial District in Kansas City, Missouri. The KCT-ITC's obligations are financed by a cost-sharing agreement of the member railroads of Kansas City Terminal. The Missouri Highways and Transportation Commission has no control over toll rates or corporation management and does not approve any debt of the KCT-ITC. Therefore, the Missouri Highways and Transportation Commission is not considered financially accountable and information for the KCT-ITC is not included within the accompanying combined financial statements. The governing body consists of a board of directors appointed by the Missouri Highways and Transportation Commission. Copies of the financial statements can be requested from:

Department of Transportation
Controller's Office
1445 Christy Drive
Jefferson City, Missouri 65109

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 22 – Related Organizations (cont.)

Lake of the Ozarks Community Bridge Corporation – The Corporation is a not-for-profit corporation organized under the Missouri Transportation Corporation Act. It is authorized to issue revenue bonds for the purpose of paying all or any part of the cost for acquisition and construction of a toll bridge over the Lake of the Ozarks in Camden County. Its governing body consists of a seven member board of directors each of whom is appointed by the Missouri Highways and Transportation Commission. When the purpose for which the Corporation was formed have been complied with and all obligations of the Corporation have been paid, the board shall, with the approval of the Commission, dissolve the Corporation. Upon dissolution, any assets of the Corporation will be liquidated and deposited in the State Road Fund and will become the property of the Commission. The Corporation's fiscal year ends April 30. Copies of the Corporation's financial statements can be requested from:

Missouri Department of Transportation
Controller's Office
1445 Christy Drive
Jefferson City, Missouri 65109

Note 23 – Subsequent Events

General Obligation Bonds – New Issue:

On August 1, 2002, the State of Missouri, Board of Fund Commissioners issued \$15,000,000 of Stormwater Control General Obligation Bonds, Series A 2002. The bond proceeds will be used to provide funds for stormwater control plans, studies and projects in counties of the first classification and in any city not within a county. The interest on these bonds range from 3% to 5.25% and have a final maturity date of August 1, 2027.

On August 1, 2002, the State of Missouri, Board of Fund Commissioners issued \$30,000,000 of Water Pollution Control General Obligation Bonds, Series A 2002. \$15,000,000 of the bond proceeds will be used to provide funds for the protection of the environment through the control of water pollution and to carry on the program of planning, financing and constructing sewage treatment facilities. The other \$15,000,000 will be used to provide funds for the control of water pollution and improvements to drinking water system, and for stormwater control. The interest on these bonds range from 3% to 5.25% and have a final maturity date of August 1, 2027.

On October 1, 2002, the State of Missouri, Board of Fund Commissioners issued \$147,710,000 of State Water Pollution Control General Obligation Refunding Bonds, Series B 2002; \$211,630,000 of Third State Building General Obligation Refunding Bonds, Series A 2002; and \$154,840,000 of Fourth State Building General Obligation Refunding Bonds, Series A 2002. The bond proceeds will be used to refund \$530,075,000 aggregate principal amount of outstanding bonds. The interest rates range from 3.375% to 5% and have a final maturity date of October 1, 2021.

Missouri Higher Education Loan Authority:

On July 23, 2002, the Authority issued \$700,000 in student loan revenue bonds under the 1994 General Resolution. The debt includes taxable auction rate bonds, maturing July 1, 2032.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 23 – Subsequent Events (cont.)

Missouri Housing Development Commission:

On September 5, 2002, the Commission issued \$4,400,000 of Multifamily Housing Revenue Bonds, Series II 2002.

On September 18, 2002, the Commission issued \$80,000,000 of Single Family Mortgage Revenue Bonds (Homeownership Loan Program), Series C 2002.

Agricultural and Small Business Development Authority:

Between July 1 and August 23, 2002, the Authority issued Certificates of Guarantee in the amount of \$32,473 guaranteeing 25% of the \$129,892 loans issued.

Lake of the Ozarks Community Bridge Corporation:

In July 2002, the Corporation entered into a conduit occupancy licensing agreement with a cable communication provider. The term of the agreement is 50 years and allows the cable company to locate cable conduit on the underside of the Bridge. The license fee for the duration of the agreement is \$273,000.

Southwest Missouri State University:

On October 1, 2002, the University issued \$16,510,000 of Auxiliary Enterprise System Refunding Revenue Bonds. The bonds will be issued to provide funds, together with certain other funds of the University, to refund the Housing System Refunding Bonds, Series 1993A with an outstanding amount of \$6,425,000 and Housing System Refunding Bonds, Series 1993B with an amount outstanding of \$15,550,000, and to pay the costs of issuance of the Bonds.

University of Missouri:

In July 2002, the University sold \$85,000,000 of capital project notes at an effective interest rate of 1.60%. These notes will mature in June 2003. This annual sale of capital project notes is used to finance several small construction projects, as well as purchase of furniture, fixtures, equipment, and library books for the University.

On July 16, 2002, the University entered into a thirty-year interest rate swap agreement on \$40,000,000, notional amount, of its variable rate System Facilities Revenue Bonds. Based on the swap agreement, the University owes interest calculated at a fixed rate of 3.95% to the counterparty to the swap. In return, the counterparty owes the University interest based on a variable rate set weekly. The \$40,000,000 in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

Department of Social Services:

The United States Department of Health and Human Services issued a decision to disallow funds of \$3,193,331 which represents the Federal share of AFDC overpayments collected, but not remitted to ACF, during the period of January 1, 1997 to October 31, 2001. On November 22, 2002, the Department of Social Services paid the claim, with interest. The total payment was \$3,251,292.

STATE OF MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

Note 23 – Subsequent Events (cont.)

Total State Revenue Refund:

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government.

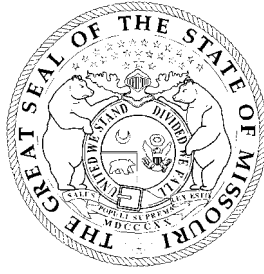
In fiscal year 2003, \$6 million was paid based on a Cole County Circuit Court decision regarding the treatment of refundable tax credits in the total state revenue calculations. All Article X refunds were initially paid from the General Revenue Fund, and various other funds reimbursed their share of the refund liability through operating transfers to the General Revenue Fund as appropriated by the General Assembly. The refund calculation is based on Missouri court rulings construing the term "total state revenues," including Buechner v. Bond 650 S.W. 2d 611 (Mo. banc 1983), Hancock v. Secretary of State 885 S.W. 2d 42 (Mo. App. W.D. 1994), Kelly v. Hanson and Ward 959 S.W. 2d 107 (Mo. banc 1997), Conservation Federation v. Hanson 994 S.W. 2d 27 (Mo. banc 1999), and Missouri Association of Counties v. Hanson 1999 WL 974009 (Mo.) (Mo. banc 1999).

Medicaid Lawsuits:

Cheri White v. Dana Katherine Martin, et al (Case No. 02-4154-CV-C-NKL) was filed in July 2002 in the United States District Court for the Western District of Missouri Central Division. The plaintiffs request that transitional Medicaid assistance be provided to a class of Missourians (approximately 17,000) whose Medicaid benefits were terminated. In October 2002, the district court directed the State to continue the benefits. The State's cost in fiscal year 2003 of providing these benefits would be about \$9 million. Future year costs would decline dramatically as the individuals would reach the end of the eligibility period for the benefits. The State has appealed the granting of the preliminary injunction to the Eighth Circuit. The case is proceeding at the district court level in discovery regarding the obligation of the Department of Social Services regarding the ex parte review necessary for the potential class members (approximately 8,000).

S. McNeil-Terry et al v. D. Katherine Martin, et al (Case No. 024-1662) was filed in St. Louis City Circuit Court in July 2002. The plaintiffs request that certain Medicaid dental benefits continue to be provided to a class of Missourians whose benefits were reduced. The State's cost in fiscal year 2003 of providing these benefits would be about \$5 million. In August 2002, the circuit court directed the State to continue the benefits in a preliminary order. The parties are performing discovery in preparation for a permanent injunction hearing.

Gina Eklund v. Dana Katherine Martin, et al (Case No. 02CV26255-Div. 3) was filed in Jackson County Circuit Court in September 2002. The plaintiffs request that Medicaid assistance be provided to a class of Missourians in the Medicaid spend down program whose benefits were reduced. The State's cost in fiscal year 2003 of providing these benefits would be about \$16 million. In October 2002, the court denied the plaintiffs' request for a temporary restraining order. The plaintiffs have subsequently amended their petition to add a third plaintiff. The State has filed a motion to change venue to Cole County and a motion to dismiss the petition. The parties are awaiting the court's ruling on these motions.



***Required Supplementary Information (RSI)** includes the Budgetary Comparison Schedule for Major Governmental Funds, as well as the Budget to Generally Accepted Accounting Principles (GAAP) reconciliation, and the Notes to RSI on Budgetary Reporting.*

STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	General				Public Education				Conservation and Environmental Protection				Transportation and Law Enforcement			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,595,346	\$ 1,595,346	\$ 1,595,346	\$ ---	\$ 348,262	\$ 348,262	\$ 348,262	\$ ---	\$ 355,305	\$ 355,305	\$ 355,305	\$ ---	\$ 62,785	\$ 62,785	\$ 62,785	\$ ---
Resources (Inflows):																
Taxes:																
Sales and Use Tax	1,937,740	1,817,808	1,817,159	(649)	653,556	653,556	667,141	13,585	174,726	174,726	162,986	(11,740)	46,995	46,995	47,025	30
Individual Income Tax	4,757,648	4,463,184	4,461,062	(2,122)	9,615	9,615	9,865	250	---	---	---	---	---	---	---	---
Corporate Income Tax	478,567	448,947	448,805	(142)	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance Tax	171,133	160,541	160,662	121	---	---	---	---	---	---	---	---	---	---	---	---
Beer Tax	9,087	8,524	8,228	(296)	---	---	---	---	---	---	---	---	---	---	---	---
Liquor Tax	18,173	17,049	17,171	122	---	---	---	---	---	---	---	---	---	---	---	---
Cigarette Tax	---	---	---	---	72,829	72,829	74,385	1,556	---	---	---	---	---	---	---	---
Fuel Tax	---	---	---	---	---	---	---	---	---	---	---	---	701,337	701,337	701,785	448
Corporation Franchise Tax	21,960	20,600	20,753	153	---	---	---	---	---	---	---	---	---	---	---	---
Inheritance Tax	146,145	137,099	136,955	(144)	---	---	---	---	---	---	---	---	---	---	---	---
Miscellaneous Tax	31,803	29,835	29,559	(276)	216,011	216,011	220,473	4,462	790	790	741	(49)	---	---	---	---
Total Taxes	7,572,256	7,103,587	7,100,354	(3,233)	952,011	952,011	971,864	19,853	175,516	175,516	163,727	(11,789)	748,332	748,332	748,810	478
Licenses, Fees and Permits	73,575	69,034	68,994	(40)	364	364	372	8	73,939	73,939	68,972	(4,967)	173,483	173,483	173,594	111
Sales	1,539	1,486	1,456	(30)	14	14	14	---	9,133	9,133	8,520	(613)	4,868	4,868	4,872	4
Leases and Rentals	453	426	425	(1)	---	---	---	---	118	118	110	(8)	196	196	196	---
Services	157,520	149,685	148,309	(1,376)	---	---	---	---	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	5,336,713	5,290,054	5,093,855	(196,199)	39,636	39,636	40,462	826	72,979	72,979	68,077	(4,902)	727	727	727	---
Interest, Penalties and Unclaimed Properties	61,511	57,743	57,690	(53)	12,949	12,949	13,220	271	13,447	13,447	12,544	(903)	3,816	3,816	3,819	3
Miscellaneous Revenues	1,349,132	1,285,084	1,271,209	(13,875)	35,169	35,169	35,903	734	96,922	96,922	90,412	(6,510)	715	715	715	---
Transfers In	139,652	298,397	279,756	(18,641)	2,424,958	2,429,657	2,416,935	(12,722)	12,526	9,343	9,043	(300)	8,368	8,368	8,117	(251)
Total Resources (Inflows)	14,692,351	14,255,496	14,022,048	(233,448)	3,465,101	3,469,800	3,478,770	8,970	454,580	451,397	421,405	(29,992)	940,505	940,505	940,850	345
Amount Available for Appropriation	16,287,697	15,850,842	15,617,394	(233,448)	3,813,363	3,818,062	3,827,032	8,970	809,885	806,702	776,710	(29,992)	1,003,290	1,003,290	1,003,635	345
Charges to Appropriations (Outflows):																
Current:																
General Government	1,454,589	1,509,271	1,456,767	52,504	422	779	646	133	1,685	1,791	1,580	211	91,158	91,326	83,965	7,361
Education	2,027,520	2,031,573	1,708,944	322,629	3,581,815	3,590,220	3,520,126	70,094	---	---	---	---	---	---	---	---
Natural and Economic Resources	271,340	279,448	214,678	64,770	33,078	23,546	16,183	7,363	258,582	198,157	181,196	16,961	4,929	4,929	3,903	1,026
Transportation and Law Enforcement	138,123	162,990	120,333	42,657	5	5	---	5	433	433	267	166	463,091	474,421	437,954	36,467
Human Services	7,594,249	7,892,200	7,363,680	528,520	23,049	20,582	20,256	326	235	235	157	78	---	---	---	---
Capital Outlay	154,698	162,343	142,938	19,405	10,086	10,068	9,805	263	41,082	31,494	28,783	2,711	12,878	13,177	12,141	1,036
Debt Service	40,082	41,450	40,018	1,432	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	203,032	220,501	182,120	38,381	258	464	386	78	128,997	99,019	90,337	8,682	208,977	209,770	192,896	16,874
Transfers Out	2,903,439	2,937,335	2,872,219	65,116	4,641	5,633	4,841	792	37,857	40,437	38,162	2,275	239,409	240,997	203,476	37,521
Total Charges to Appropriations	14,787,072	15,237,111	14,101,697	1,135,414	3,653,354	3,651,297	3,572,243	79,054	468,871	371,566	340,482	31,084	1,020,442	1,034,620	934,335	100,285
Ending Budgetary Fund Balance	<u>\$ 1,500,625</u>	<u>\$ 613,731</u>	<u>\$ 1,515,697</u>	<u>\$ 901,966</u>	<u>\$ 160,009</u>	<u>\$ 166,765</u>	<u>\$ 254,789</u>	<u>\$ 88,024</u>	<u>\$ 341,014</u>	<u>\$ 435,136</u>	<u>\$ 436,228</u>	<u>\$ 1,092</u>	<u>\$ (17,152)</u>	<u>\$ (31,330)</u>	<u>\$ 69,300</u>	<u>\$ 100,630</u>
Reconciling Items:																
Restatements to Beginning Balance			322				206				(3,761)				(29)	
Accrued Revenues			478,060				91,645				331,262				89,849	
Deferred Revenue–Unearned			(101,365)				(1,875)				(3)				---	
Accrued Expenditures			(725,313)				(44,088)				(6,751)				(20,065)	
Budgetary Expenditures			(960)				---				---				---	
Inventory Balance			18,252				68				989				4,319	
Restricted Assets			8,790				---				---				---	
Non–Budgeted Funds			46				---				---				---	
Fund Balance – GAAP Basis			<u>\$ 1,193,529</u>				<u>\$ 300,745</u>				<u>\$ 757,964</u>				<u>\$ 143,374</u>	

STATE OF MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	State Road			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 255,009	\$ 255,009	\$ 255,009	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use Tax	145,746	121,190	139,693	18,503
Fuel Tax	332	85	85	---
Total Taxes	146,078	121,275	139,778	18,503
Licenses, Fees and Permits	89,020	87,616	92,484	4,868
Contributions and Intergovernmental	687,025	720,336	795,200	74,864
Interest	15,423	12,065	8,899	(3,166)
Miscellaneous Revenues	78,007	77,938	82,212	4,274
Bond Sales Proceeds	404,000	402,000	413,049	11,049
Transfers In from Highway Fund	163,917	201,216	165,212	(36,004)
Total Resources (Inflows)	1,583,470	1,622,446	1,696,834	74,388
Amount Available for Appropriation	1,838,479	1,877,455	1,951,843	74,388
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	320,359	257,519	253,614	3,905
Capital Outlay	1,352,784	1,087,428	1,070,610	16,818
Debt Service	21,951	25,098	25,098	---
Intergovernmental	84,176	67,664	66,608	1,056
Total Charges to Appropriations	1,779,270	1,437,709	1,415,930	21,779
Ending Budgetary Fund Balance	\$ 59,209	\$ 439,746	\$ 535,913	\$ 96,167
Reconciling Items:				
Receivables			94,870	
Due from Other Funds			2,508	
Inventories			27,469	
Accounts Payable			(139,651)	
Deferred Revenues			(29,424)	
Advance from Component Units			(65,803)	
Investment Market Value Adjustment			18,701	
Fund Balance – GAAP Basis			\$ 444,583	

STATE OF MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2002

The Budgetary Comparison Schedule presents comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major governmental funds. The major fund categories presented for the State of Missouri are the General Fund, along with the following three Special Revenue Fund Categories: Public Education, Conservation and Environmental Protection, and Transportation and Law Enforcement. In addition, the State Road Fund is a major Capital Projects Fund presented in RSI based on the audited financial statements from the Missouri Department of Transportation.

The Budgetary Comparison Schedule reports revenues and expenditures on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2002, has been presented at the bottom of the Budgetary Comparison Schedule shown on the previous pages of RSI. Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes data presented on this basis for the fiscal year, and for adjustments made in the two-month lapse period, July 1 through August 31. The budgetary expenditures are included in the current year's Appropriation Activity Report, which demonstrates legal compliance with the current year's budget. This report can be viewed at <http://www.oa.mo.gov/acct/AAR>.

The General Fund is composed of two fund categories, General and Federal funds. Some funds are funded by receipts from specific sources which do not lend themselves to budget preparation. The following fund was excluded from the Budgetary Comparison Schedule for this reason:

General Fund:

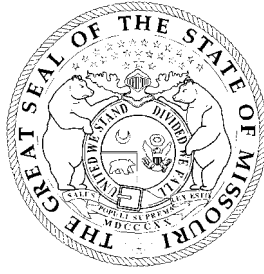
General – State Elections Subsidy.

The Budgetary Comparison Schedule presented in RSI does not take into account any amounts that were withheld or reverted from expenditure appropriations due to State budget shortages in fiscal year 2002. This is because the actual appropriation is not decreased for the withholdings. This is why there is a large variance between appropriated (budgeted) expenditures and actual expenditures for fiscal year 2002. The total amount of withholdings in the General Fund in fiscal year 2002 was \$415,191,476. This amount is broken down by expenditure agency groups as follows: General Government \$52,300,281, Education \$186,122,850, Natural and Economic Resources \$29,064,120, Transportation and Law Enforcement \$10,149,615, and Human Services \$137,554,610.

Budgetary comparisons are also required for any other individual governmental funds for which annual appropriated budgets have been adopted. Therefore, budget to actual statements have been provided in the combining fund financial statements for non-major funds for the following non-major governmental fund categories: Special Revenue, Debt Service, and Permanent funds. The following non-major Special Revenue fund does not lend itself to budget preparation and is not included in the budget to actual statement for non-major Special Revenue funds:

Reimbursement and Other – Statutory Revision.

We have not included a budgetary comparison for non-major Capital Projects funds. These funds are funded by bond proceeds or grants for various projects that require several years to complete. Generally, the bond authorization or grant is appropriated in total the first year even though the bond sales or grant receipts are received over a period of years as required by the projects. Therefore, these funds do not have annual budgets and their budget data is not comparative to the actual data for the fiscal year.



The Combining and Individual Fund Statements and Schedules

Major Funds

General Fund – Accounts for all current financial resources not required by law or administrative action to be accounted for in another fund.

Non-Major Funds

This includes all non-major governmental, proprietary, and fiduciary funds, as well as non-major component units.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital project funds.

General Fund:

General:

General Revenue – All moneys received by the State unless required by statute or constitutional provision to be deposited elsewhere in a specifically named fund.

Budget Reserve – Moneys used when there are revenue shortfalls that require the Governor to reduce expenditures of agencies below the level of their appropriations or when there is a financial need due to a disaster.

Uncompensated Care – Accounts for moneys used for the non-federal share of uncompensated care and other services under Title XIX Medicaid Program.

Department of Health Interagency Payments – Accounts for reimbursed moneys to be used for program disbursements.

Facilities Maintenance Reserve – General Revenue moneys to be used for maintaining, repairing and renovating State facilities.

Intergovernmental Transfers – Moneys from publicly owned nursing facilities to be used for Medicaid and other related charges.

Federal Reimbursement Allowance – Moneys received for payment of Title XIX services.

Title XIX–Patient Placement – General Revenue – Moneys received from the federal government to be used for medical assistance to eligible recipients pursuant to Title XIX.

Child Support Enforcement Collections – Moneys received from individuals to be used for the expenditures of the Division of Child Support Enforcement.

Missouri Technology Investment – Moneys received from various sources to be used for technology development programs.

Microenterprise Loan – Moneys received from various sources to be used in assisting new or expanding microenterprise.

Missouri Water Development – General Revenue moneys to be used to purchase water supply storage.

General Revenue Reimbursements – Federal moneys received by the Department of Mental Health and the Department of Social Services to be used by the Department of Mental Health as appropriated.

Missouri Humanities Council Trust – Moneys from various sources to be used for promotion of the humanities.

General Revenue – Cultural Sub-Account – General Revenue moneys to be used by the Missouri Art Council Trust Fund.

Nursing Facility Federal Reimbursement Allowance – Tax moneys used for expenditures of nursing facilities.

Post Closure – Moneys from forfeited collateral to be used for costs related to closure and post closure activities of landfills.

Attorney General’s Court Cost – General Revenue moneys to be used for payment of court costs.

Disproportionate Share – Moneys received from hospitals to be used for Title XIX hospital care.

Attorney General's Anti-Trust – General Revenue moneys to be used for expenses related to anti-trust activities.

State Elections Subsidy – Appropriated moneys to be used for payment of advance election costs.

State Legal Expense – General Revenue, Transportation and Conservation moneys to be used for claims against State departments or employees.

General Fund – Federal: Accounts for moneys received or reimbursed by the federal government to cover costs of federally funded grants and programs. Each program or grant has its own fund to account for its operations as follows:

*Vocational Rehabilitation – Federal
Elementary and Secondary Education –
Federal and Other
General Assembly – Federal
Division of Youth Services –
Federal and Other
Office of the State Public Defender –
Federal and Other
Pharmacy Rebates
State Auditor – Federal
Department of Higher Education – Federal
Department of Labor and Industrial
Relations – Commission on Human
Rights – Federal
Department of Economic Development –
Community Development Block Grant
(Passthrough)
Department of Economic Development –
Women's Council – Federal
Third Party Liability Collections
Department of Public Safety – Juvenile
Accountability Incentive Block Grant
Department of Labor and Industrial
Relations Administrative
Department of Economic Development –
Community Development Block Grant
(Administration)
Food Stamp EBT Settlement
Multimodal Operations – Federal
Department of Economic Development –
Federal and Other
Department of Corrections – Federal
Department of Revenue – Federal
Department of Agriculture –
Federal and Other
Office of Administration – Federal and Other
Attorney General – Federal and Other
Supreme Court – Federal and Other
Department of Economic Development –
Missouri Council of the Arts –
Federal and Other*

*Department of Natural Resources –
Federal and Other
Department of Economic Development –
Management Information Systems –
Federal and Other
Department of Health – Federal
State Emergency Management –
Federal and Other
Department of Mental Health – Federal
Department of Public Safety –
Highway Safety
Secretary of State Records – Federal
Department of Public Safety – Federal
Division of Aging – Federal and Other
Job Development and Training
Department of Social Services – Federal and Other
ADC – Federal
Title XIX – Federal
Division of Family Services Donations
Division of Aging Donations
Medicaid Fraud Reimbursements
Revenue Sharing Trust
Missouri Veterans Commission – Federal
MCSAP/Division of Transportation – Federal
Division of Labor Standards – Federal
Governor's Committee on Employment of the
Handicapped – Federal
Federal and Other
Adjutant General – Federal
Department of Labor and Industrial Relations –
Crime Victims – Federal
Federal – MDI
Federal Drug Seizure
Secretary of State – Federal
Community Service Commission – Federal and Other
Temporary Assistance for Needy Families – Federal
Division of Family Services – Administrative
Missouri Disaster
Abandoned Mined Reclamation
Unemployment Compensation Administration*

**STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2002
(In Thousands of Dollars)**

	<u>General Fund</u>		<u>Totals</u>
	<u>General</u>	<u>Federal</u>	<u>June 30, 2002</u>
ASSETS			
Cash and Cash Equivalents	\$ 870,994	\$ 158,003	\$ 1,028,997
Investments	5,295	---	5,295
Accounts Receivable, Net	759,036	420,365	1,179,401
Interest Receivable	7,131	75	7,206
Inventory	17,174	1,078	18,252
Restricted Assets:			
Cash and Cash Equivalents	8,789	---	8,789
Receivables	<u>1</u>	<u>---</u>	<u>1</u>
Total Assets	<u>\$ 1,668,420</u>	<u>\$ 579,521</u>	<u>\$ 2,247,941</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 283,754	\$ 361,138	\$ 644,892
Accrued Payroll	42,586	13,150	55,736
Due to Other Funds	14,937	4,407	19,344
Deferred Revenue	158,804	130,247	289,051
Advance from Other Funds	45,345	---	45,345
Payable from Restricted Assets	<u>44</u>	<u>---</u>	<u>44</u>
Total Liabilities	<u>545,470</u>	<u>508,942</u>	<u>1,054,412</u>
Fund Balances:			
Reserved for:			
Budget Reserve	471,048	---	471,048
Inventory	17,174	1,078	18,252
Future Distribution	83,078	---	83,078
Taxes	439	---	439
Unreserved	<u>551,211</u>	<u>69,501</u>	<u>620,712</u>
Total Fund Balances	<u>1,122,950</u>	<u>70,579</u>	<u>1,193,529</u>
Total Liabilities and Fund Balances	<u>\$ 1,668,420</u>	<u>\$ 579,521</u>	<u>\$ 2,247,941</u>

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

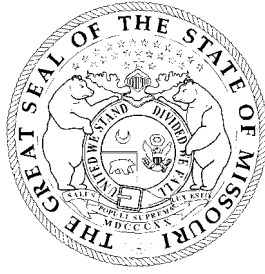
	General Fund			Totals
	General	Federal	Eliminations	June 30, 2002
Revenues:				
Taxes	\$ 6,747,449	\$ ---	\$ ---	\$ 6,747,449
Licenses, Fees and Permits	65,111	34	---	65,145
Sales	783	659	---	1,442
Leases and Rentals	411	14	---	425
Services	122,859	29,139	---	151,998
Contributions and Intergovernmental	704,959	4,804,459	---	5,509,418
Investment Earnings	52,550	2,217	---	54,767
Penalties and Unclaimed Properties	2,085	165	---	2,250
Cost Reimbursement/Miscellaneous	392,256	107,275	---	499,531
Total Revenues	8,088,463	4,943,962	---	13,032,425
Expenditures:				
Current:				
General Government	434,752	7,921	---	442,673
Education	430,393	659,881	---	1,090,274
Natural and Economic Resources	60,292	173,443	---	233,735
Transportation and Law Enforcement	53,593	77,209	---	130,802
Human Services	4,013,207	3,803,885	---	7,817,092
Capital Outlay:				
Current Expenditures	70,189	36,754	---	106,943
Capital Lease Purchases	10,830	1,591	---	12,421
Debt Service:				
Principal	16,094	5,984	---	22,078
Interest	30,314	2,026	---	32,340
Bond Issuance Costs	32	---	---	32
Intergovernmental	90,833	93,701	---	184,534
Total Expenditures	5,210,529	4,862,395	---	10,072,924
Excess Revenues	2,877,934	81,567	---	2,959,501
Other Financing Sources (Uses):				
Proceeds from Capital Leases	10,830	1,591	---	12,421
Operating Transfers In	306,432	15,041	(48,642)	272,831
Operating Transfers Out	(2,376,853)	(42,530)	48,642	(2,370,741)
Operating Transfers Out to Component Units	(674,135)	---	---	(674,135)
Total Other Financing Sources (Uses)	(2,733,726)	(25,898)	---	(2,759,624)
Excess Revenues and Other Sources	144,208	55,669	---	199,877
Fund Balances – Beginning	975,325	15,087	---	990,412
Increase (Decrease) in Reserve for Inventory	3,417	(177)	---	3,240
Fund Balances – Ending	\$ 1,122,950	\$ 70,579	\$ ---	\$ 1,193,529

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2002
(In Thousands of Dollars)

					Totals
	Special Revenue	Debt Service	Capital Projects	Permanent	June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 255,071	\$ 109,932	\$ 126,603	\$ 561	\$ 492,167
Investments	10,270	---	---	35,668	45,938
Accounts Receivable, Net	16,766	---	---	7	16,773
Interest Receivable	609	580	725	3	1,917
Inventory	203	---	---	---	203
Loans Receivable	1,050	---	---	---	1,050
Total Assets	<u>\$ 283,969</u>	<u>\$ 110,512</u>	<u>\$ 127,328</u>	<u>\$ 36,239</u>	<u>\$ 558,048</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 3,250	\$ ---	\$ 4	\$ ---	\$ 3,254
Accrued Payroll	2,620	---	26	---	2,646
Due to Other Funds	740	---	8	---	748
Deferred Revenue	3,602	219	276	2	4,099
Matured Bonds Payable	---	5	---	---	5
Total Liabilities	<u>10,212</u>	<u>224</u>	<u>314</u>	<u>2</u>	<u>10,752</u>
Fund Balances:					
Reserved for Inventory	203	---	---	---	203
Reserved for Debt Service	---	110,288	---	---	110,288
Reserved for Loans Receivable	1,050	---	---	---	1,050
Reserved for Trust Principal	---	---	---	36,127	36,127
Unreserved	272,504	---	127,014	110	399,628
Total Fund Balances	<u>273,757</u>	<u>110,288</u>	<u>127,014</u>	<u>36,237</u>	<u>547,296</u>
Total Liabilities and Fund Balances	<u>\$ 283,969</u>	<u>\$ 110,512</u>	<u>\$ 127,328</u>	<u>\$ 36,239</u>	<u>\$ 558,048</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

					Totals
	Special Revenue	Debt Service	Capital Projects	Permanent	June 30, 2002
Revenues:					
Taxes	\$ 95,172	\$ ---	\$ ---	\$ ---	\$ 95,172
Licenses, Fees and Permits	141,081	---	---	2	141,083
Sales	1,238	---	---	---	1,238
Services	234	---	---	---	234
Contributions and Intergovernmental	10,627	---	2,072	---	12,699
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(3,281)	(3,281)
Interest	5,380	3,835	4,752	39	14,006
Penalties and Unclaimed Properties	15,365	---	---	224	15,589
Cost Reimbursement/Miscellaneous	191,606	---	9	---	191,615
Total Revenues	<u>460,703</u>	<u>3,835</u>	<u>6,833</u>	<u>(3,016)</u>	<u>468,355</u>
Expenditures:					
Current:					
General Government	17,530	---	4,184	---	21,714
Education	5,536	---	---	---	5,536
Natural and Economic Resources	155,632	---	---	---	155,632
Transportation and Law Enforcement	24,316	---	1,792	---	26,108
Human Services	150,044	---	21	26	150,091
Capital Outlay:					
Current Expenditures	9,600	---	22,824	---	32,424
Capital Lease Purchases	208	---	---	---	208
Debt Service:					
Principal	287	55,155	---	---	55,442
Interest	437	50,471	---	---	50,908
Intergovernmental	860	---	21,098	---	21,958
Total Expenditures	<u>364,450</u>	<u>105,626</u>	<u>49,919</u>	<u>26</u>	<u>520,021</u>
Excess Revenues (Expenditures)	<u>96,253</u>	<u>(101,791)</u>	<u>(43,086)</u>	<u>(3,042)</u>	<u>(51,666)</u>
Other Financing Sources (Uses):					
Proceeds from Capital Leases	208	---	---	---	208
Operating Transfers In	35,223	98,831	3,000	629	137,683
Operating Transfers Out	(288,677)	---	(16,943)	---	(305,620)
Total Other Financing Sources (Uses)	<u>(253,246)</u>	<u>98,831</u>	<u>(13,943)</u>	<u>629</u>	<u>(167,729)</u>
Excess Expenditures and Other Uses	(156,993)	(2,960)	(57,029)	(2,413)	(219,395)
Fund Balances – Beginning	430,689	113,248	184,043	38,650	766,630
Increase in Reserve for Inventory	<u>61</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>61</u>
Fund Balances – Ending	<u><u>\$ 273,757</u></u>	<u><u>\$ 110,288</u></u>	<u><u>\$ 127,014</u></u>	<u><u>\$ 36,237</u></u>	<u><u>\$ 547,296</u></u>



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds, therefore, the funds have been combined into specific functional areas.*

Non-Major Special Revenue Funds:

Professional Registration: Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

<i>Hearing Instrument Specialist</i>	<i>Board of Nursing</i>
<i>State Committee of Interpreters</i>	<i>Board of Optometry</i>
<i>Board of Geologist Registration</i>	<i>Board of Pharmacy</i>
<i>Missouri Commission for the Deaf</i>	<i>Missouri Real Estate Commission</i>
<i>Board of Certification of Interpreters</i>	<i>Veterinary Medical Board</i>
<i>Escrow Agent Administration</i>	<i>Committee of Professional Counselors</i>
<i>Real Estate Appraisers</i>	<i>Dental Board</i>
<i>Clinical Social Workers</i>	<i>State Board of Architects, Engineers and Land Surveyors</i>
<i>Landscape Architectural Council</i>	<i>Athletic</i>
<i>State Committee of Psychologists</i>	<i>Marital and Family Therapists'</i>
<i>Missouri Health Care Providers</i>	<i>Respiratory Care Practitioners</i>
<i>Board of Accountancy</i>	<i>Board of Occupational Therapy</i>
<i>Board of Barber Examiners</i>	<i>Licensed Perfusionist</i>
<i>State Board of Podiatric Medicine</i>	<i>Dietitian</i>
<i>Board of Chiropractic Examiners</i>	<i>Interior Designer Council</i>
<i>Board of Cosmetology</i>	<i>Acupuncturist</i>
<i>Board of Embalmers and Funeral Directors</i>	<i>Tattoo</i>
<i>Board of Registration for Healing Arts</i>	<i>Massage Therapy</i>

Judicial Protection and Assistance: Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

Missouri Crime Prevention Information and Programming – Accounts for moneys from various sources to be used by local government/school district partnerships to operate crime prevention programs.

Statewide Court Automation – Accounts for additional court costs assessed in certain cases. Moneys are used for a statewide court automation system.

Missouri CASA – Accounts for money to be used for Court Appointed Special Advocate (CASA) Programs.

State Forensic Laboratory – Accounts for moneys used to defray costs of registered laboratories.

Services to Victims – Accounts for fees assessed as costs in criminal cases. Moneys are used to provide services to victims of crimes.

Tort Victims' Compensation – Accounts for a portion of any final judgment awarding punitive damages after the deduction of attorneys' fees and expenses.

Merchandising Practices Revolving – Accounts for general revenues and moneys required to be deposited in this fund. These moneys are used to pay costs incurred by the Attorney General in cases concerning merchandising practices.

Legal Defense and Defender – Accounts for moneys from services rendered. The moneys are used for training public defenders and for other lawful expenses as authorized by the Public Defender Commission.

Criminal Record System – Accounts for fees collected from federal and non-state agencies for administering criminal history record information and fingerprint searches.

Missouri Office of Prosecution Services – Accounts for fees assessed as costs in most criminal proceedings. These moneys are used to assist the prosecuting attorneys throughout the State in their efforts against criminal activity.

Crime Victims' Compensation – Accounts for fees assessed as costs against a convicted criminal. These moneys are used to compensate victims of crime.

Legal Services for Low Income People – Accounts for moneys to be used to provide legal services for individuals with low income.

Child Labor Enforcement – Accounts for moneys to be used for investigations and enforcement of child labor laws.

Inmate Incarceration Reimbursement Act Revolving – Accounts for moneys collected for reimbursement of the expenses of the State for the cost of care of offenders.

State Courts Administration Revolving – Accounts for moneys received for registration fees, grants, or other sources to be used to provide training and purchase goods and services related to the training and education of court personnel.

Criminal Justice Network and Technology Revolving – Accounts for moneys to be used for the procurement of telecommunications and computer equipment, services, and software associated with connection to the criminal justice network.

Missouri Office of Prosecution Services Revolving – Accounts for moneys received by or on behalf of the Missouri Office of Prosecution Services.

Judiciary Education and Training – Accounts for fees collected to be used for training and education of judicial personnel.

Fine Collections Center Interest Revolving – Accounts for interest moneys to be used for goods and services related to the administration of the judicial system by the judicial branch.

Agriculture and State Fair: Provides for inspections of products, market development and awards for competition at the State fair.

Animal Health Laboratory Fee – Accounts for laboratory fees to be used to defray expenses of diagnosing animal disease.

Animal Care Reserve – Accounts for fees from businesses engaged in breeding, selling and caring for cats and dogs to be used to administer the Animal Care Program.

Livestock Brands – Accounts for fees collected for brand applications, transfer of brand ownership and maintenance of brands and is used by Division of Animal Health for program administration.

Commodity Council Merchandising – Accounts for fees imposed under the Commodity Merchandising Program for the use and benefit of the commodity councils.

Missouri Qualified Fuel Ethanol Producer Incentive – Accounts for moneys used to provide subsidies to Missouri qualified fuel ethanol producers.

Aquaculture Marketing Development – Accounts for fees collected on fish food purchased by commercial producers and used for the marketing of fish and fish products.

Livestock Sales and Markets Fees – Accounts for license fees collected for the licensing of livestock sales and markets used for the benefit of the Division of Animal Health.

Missouri Breeders – Accounts for moneys received for horse racing application and handling fees.

Apple Merchandising – Accounts for fees imposed on apples grown in the State which are sold for consumption. These moneys are used only for the costs of administering and enforcing laws concerning apple merchandising.

Livestock Dealer Law Enforcement and Administration – Accounts for penalties assessed for violations of the "Missouri Livestock Dealer Law" and is used for the benefit of the Division of Animal Health.

Milk Inspection Fees – Accounts for fees received from State milk inspections and is used to pay the costs of performing this inspection.

Grain Inspection Fees – Accounts for fees received for providing grain inspection services and is used to pay the cost of providing this service.

Marketing Development – Accounts for moneys received by the Department of Agriculture from any source to be spent for marketing development only.

Boil Weevil Suppression and Eradication – Accounts for moneys for the sound program of eradication and suppression of boil weevil.

Missouri Wine Marketing and Research Development – Accounts for pro rata charges to commercial grape producers in Missouri to be used for enology research, education, and marketing of wine produced in Missouri.

State Fair Trust – Accounts for moneys received as gifts, grants, legacies or devises and is used as prizes to the winners of five-gaited saddle horse stakes at the State fair.

Agriculture Development – Accounts for assets from the Federal Secretary of Agriculture and earnings from those assets to be used for agricultural development in accordance with a written agreement with the U.S. Department of Agriculture.

Social Assistance: Provides financial, health and other services to qualifying individuals.

Utilicare Stabilization – Moneys from various sources to be used for financial assistance of heating and cooling costs for the needy.

Motorcycle Safety Trust – Accounts for fees collected from persons who violate laws relating to motorcycles or causes accidents involving motorcycles.

Compulsive Gamblers – Accounts for moneys received from cities and counties that have licensed excursion gambling boats. These moneys are used to provide services for compulsive gamblers and their families.

Missouri Housing Trust – Accounts for moneys received from any source to be used for loans or grants for assistance to low-income families.

Health Initiatives – Accounts for additional taxes on cigarettes and other moneys to fund health care incentives and other programs.

Health Access Incentive – Accounts for moneys appropriated and received by law to be used to implement and encourage a program to provide incentives in exchange for location of health providers who agree to serve all persons in need of health services regardless of ability to pay.

Mental Health Housing Trust – Accounts for moneys received from the sale of surplus real property formerly used by the Department of Mental Health. Moneys are used for the construction or renovation of Mental Health Centers, or to finance the rental, purchase, construction or renovation of community based housing for clients.

Family Support Loan Program – Accounts for moneys appropriated to be used for low interest, short-term loans to families with a member with a developmental disability.

Independent Living Center – Accounts for fees received from persons convicted of or pleading guilty to a drug-related or an intoxicated-related traffic offense. Moneys are used to establish and maintain independent living centers for persons with disabilities.

Mental Health Earnings – Accounts for fees assessed on individuals due to alcohol and drug-related traffic offenses. Moneys are used to develop and certify alcohol related traffic offender programs and provide rehabilitation services to persons unable to pay.

Division of Aging Elderly Home Delivered Meals Trust – Accounts for moneys contributed by taxpayers and other designated moneys to be used in preparing and delivering meals to elderly persons.

Missouri Public Health Services – Accounts for fees collected for health purposes.

Deaf Relay Service and Equipment Distribution Program – Accounts for fees collected in order to fund a program for providing a telecommunications device for the deaf to transmit messages over basic telephone lines.

Veterans' Trust – Accounts for moneys contributed by taxpayers, grants, gifts, bequests, federal sources or other sources to be used for the benefit of the State's veterans.

Economy Rate Telephone Service – Accounts for moneys appropriated by the General Assembly to be used for eligible subscribers to meet their minimum communication requirements.

Medical School Loan and Loan Repayment Program – Accounts for moneys used to pay the principal, interest and related costs of government and commercial loans on behalf of individuals working in a specified area of need.

Children's Service Commission – Accounts for gifts and grants from various sources to be spent for children's services as provided by law.

Handicapped Children's Trust – Accounts for grants, gifts, donations, or bequests to be spent as requested by the donor of the handicapped children.

Blind Pension – Accounts for State property tax moneys used to provide a pension to certain blind people.

Healthy Families Trust Funds – To account for moneys received from the Tobacco Settlement.

Department of Health – Donated – Accounts for moneys received from donations and spent for various health programs.

Children's Trust – Accounts for grants or gifts from any source to pay the administration costs of and for establishing programs to prevent or alleviate child abuse or neglect.

ADA Compliance – Accounts for moneys from various funds to be used for projects to comply with the Americans with Disabilities Act.

Organ Donor Program – Accounts for moneys to be used for implementation of organ donor awareness programs.

Property Reuse – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources for direct loans, guarantees and grants to create and preserve jobs, attract and retain businesses, and improve economic welfare.

Domestic Relations Resolution – Accounts for moneys received from surcharges and fines for disputes in marriage dissolutions and custody orders. Moneys are used for creating and approving a handbook dealing with divorce and child custody and to reimburse local judicial circuits for the costs associated with the implementation of this act.

Correctional Substance Abuse Earnings – Accounts for fees charged to persons required by the court to begin an Educational Assessment and Community Treatment Program. Moneys are used solely for assistance in securing alcohol and drug rehabilitation services.

Assistive Technology Loan Revolving – Accounts for appropriated moneys to be used for loans to qualified individuals for the purchase of assistive technology devices and services.

Blindness Education, Screening and Treatment Program – Accounts for donated moneys used to provide blindness prevention education, screenings and treatments for persons not covered under a healthcare benefit plan.

Missouri National Guard Trust – Accounts for moneys received through contributions, gifts, bequests, grants and federal funds to be used for providing military honors at veterans' burials, interments, or memorial services.

School for the Blind – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Blind.

School for the Deaf – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Deaf.

Institution Gift Trust – Accounts for grants, gifts, donations, devises or bequests to various institutions to be spent as requested by the donor.

Mental Health Trust – Accounts for moneys to be used for the purpose of carrying out the objects for which the grants, gifts, donations or bequests were made, or for the purposes of funding special projects or purchasing special equipment from escheated moneys.

Crippled Children's Services – Accounts for moneys from various sources to be used for costs of crippled children's services.

Unemployment and Workers' Compensation: Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

Workers' Compensation – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries.

Workers' Compensation – Second Injury – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries where permanent disability occurs.

Special Employment Security – Accounts for moneys paid as interest and penalties by the employer for unemployment fees not paid. These moneys are used to pay interest on advances from the federal government and for other costs necessary and proper under the unemployment compensation laws.

Reimbursements and Other: Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

Missouri Capital Access Program – Accounts for interest earned and excess balances transferred from program reserve accounts by financial institutions, and collections made by the State on defaulted loans.

Statutory County Recorder's – Accounts for moneys to be used to subsidize the fees collected by counties that hereafter elect or have heretofore elected to separate the offices of circuit court clerk and recorder.

Treasurer's Information – Accounts for funds received for the preparation, reproduction, or dissemination of information or publications.

Elevator Safety Board – Accounts for moneys collected for inspections, permits, licenses and certificates to be used for the operation and expenses of the board.

Residential Mortgage Licensing – Accounts for fees set and collected for application fees, investigation of license applicant fees, examination fees, contingent fees, and any other miscellaneous fee.

Missouri Arts Council Trust – Accounts for moneys to be used for the administration of the Missouri Arts Council.

Gaming Commission Bingo – Accounts for moneys collected for license fees, penalties and administration fees to be used for the administration cost of the commission.

Secretary of State's Technology Trust – Accounts for fees received from the issuance of notary commissions to be used for establishing and maintaining a data processing system and other administrative costs for services.

Missouri National Guard Training Site – Accounts for fees collected for use of training sites from persons or organizations not connected with the militia. The moneys are used for operating costs of the facilities.

Nursing Facility Quality of Care – Accounts for certification fees collected from nursing home facilities to be used for assistance to the facilities and for conducting surveys and inspections.

Division of Tourism Supplemental Revenue – Accounts for additional sales tax collected from tourism-oriented goods and services to be used for promotional marketing strategies.

Business Extension Service Team – Accounts for moneys used to help Missouri companies in financial difficulty to regain financial stability by a plan developed by a team of knowledgeable and experienced persons.

Gaming Commission – Accounts for moneys received from licenses, fees, and permits to be used to fund the administrative costs of the Gaming Commission.

Mammography – Accounts for fees collected from licensing of specific sources of ionizing radiation and from other nonrefundable fees collected in connection with mammography authorization to be used for program administration.

Statutory Revision – Accounts for money received from the sale of the Revised Statutes of Missouri and supplements and from fees for any services rendered by the Committee on Legislative Research. The moneys are used for enhancing or producing the statutes and supplements.

Division of Credit Unions – Accounts for moneys assessed on credit unions and used for costs related to their regulation.

Division of Savings and Loan Supervision – Accounts for moneys assessed on savings and loan associations and other corporations and used for costs related to their regulation.

Division of Finance – Accounts for moneys assessed on banks, trust companies and other corporations and used for costs related to their regulation.

Insurance Examiners – Accounts for fees assessed against organizations which are engaged in the business of insurance within the State. The moneys are used for costs incurred by insurance examiners.

Design and Construction – Donated – Accounts for donations to be used for the repair, replacement and refurbishing of artwork, statuary work and monuments of historical importance to Missouri.

Endowed Care Cemetery Audit – Accounts for fees from the issuance of birth and death certificates. The moneys are used to administer the auditing of endowed care cemetery funds.

Department of Insurance Dedicated – Accounts for moneys from licensing, renewals and regulatory fees and used for expenditures of the Department of Insurance.

International Promotions Revolving – Accounts for moneys from gifts, contributions, grants and other sources and is used for costs associated with attendance at international trade shows.

Local Records Preservation – Accounts for moneys charged and collected for the recording of various deeds and documents and used by the Secretary of State for additional preservation of local records.

Spinal Cord Injury – Accounts for moneys to be used to fund research projects that promote an advancement of knowledge in the area of spinal cord injury.

Manufactured Housing – Accounts for fees collected for seals or inspection of manufacturing and dealer premises for manufactured homes, recreational vehicles and modular homes.

Motor Vehicle Commission – Accounts for fees established by the Missouri Motor Vehicle Commission to pay its operational costs.

Health Spa Regulatory – Accounts for health spa registration fees. These moneys are used to administer the regulation of health spas.

Missouri Main Street Program – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources to accomplish community and economic revitalization and development of older business districts and neighborhoods.

Public Service Commission – Accounts for moneys assessed on public utilities and used for costs related to their regulation.

Department of Health Document Services – Accounts for fees collected for publications and used to pay the costs of providing this information.

Petition Audit Revolving Trust – Accounts for moneys received and costs incurred as a result of audits petitioned by the requisite percent of the qualified voters of a subdivision.

Tourism Marketing – Accounts for receipts from promotional items and used for the marketing of items which promote and develop tourism in the State.

Petroleum Inspection – Accounts for fees collected for inspections of petroleum products and equipment. The fees are used for costs of administering, regulating, testing and inspecting these products and equipment.

Missouri Horse Racing Commission – Accounts for moneys received from the licensing of race tracks and authorization of races and pari-mutuel wagering pools. These moneys are used for the operation of the Horse Racing Commission.

Missouri Senior Rx – Accounts for moneys collected to be used by the commission for medical assistance to seniors covered under the Missouri Senior Rx program.

Secretary of State's Investor Education – Accounts for moneys to be used as a source of funding in support of activities related to the Secretary of State's investor education responsibilities.

State Document Preservation – Accounts for moneys to be used to preserve State documents and making them available to the public.

Missouri Supplemental Tax Increment Financing – Accounts for moneys generated by redevelopment projects and income taxes withheld by jobs created by redevelopment projects to be used to pay loans for the project.

Premium – To account for moneys received from parents or guardians of uninsured children.

Missouri Public Broadcasting Corporation Special – Accounts for moneys generated from the nonresident entertainer and professional athletic team income taxes to be used for basic service and operating grants of public television stations.

World War II Memorial Trust – Accounts for contributions to be used to participate in the funding of the National World War II Memorial.

Workers Memorial – Accounts for contributions to be used for a memorial for workers who have been killed or permanently disabled and reimbursement of expenses to committee members.

Secretary of State Institution Gift Trust – Accounts for moneys derived from gifts, bequests, or donations to the secretary of state to carry out the objectives of the gift, bequest, or donation.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2002
ASSETS							
Cash and Cash Equivalents	\$ 28,192	\$ 30,851	\$ 1,673	\$ 118,324	\$ 25,286	\$ 50,745	\$ 255,071
Investments	---	---	3,060	7,210	---	---	10,270
Accounts Receivable, Net	---	1,117	59	3,415	10,178	1,997	16,766
Interest Receivable	---	44	4	245	129	187	609
Inventory	27	4	---	14	---	158	203
Loans Receivable	---	---	1,050	---	---	---	1,050
Total Assets	<u>\$ 28,219</u>	<u>\$ 32,016</u>	<u>\$ 5,846</u>	<u>\$ 129,208</u>	<u>\$ 35,593</u>	<u>\$ 53,087</u>	<u>\$ 283,969</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 176	\$ 108	\$ 62	\$ 2,067	\$ 479	\$ 358	\$ 3,250
Accrued Payroll	168	158	65	175	435	1,619	2,620
Due to Other Funds	52	40	19	58	145	426	740
Deferred Revenue	---	16	2	602	2,823	159	3,602
Total Liabilities	<u>396</u>	<u>322</u>	<u>148</u>	<u>2,902</u>	<u>3,882</u>	<u>2,562</u>	<u>10,212</u>
Fund Balances:							
Reserved for:							
Inventory	27	4	---	14	---	158	203
Loans Receivable	---	---	1,050	---	---	---	1,050
Unreserved	<u>27,796</u>	<u>31,690</u>	<u>4,648</u>	<u>126,292</u>	<u>31,711</u>	<u>50,367</u>	<u>272,504</u>
Total Fund Balances	<u>27,823</u>	<u>31,694</u>	<u>5,698</u>	<u>126,306</u>	<u>31,711</u>	<u>50,525</u>	<u>273,757</u>
Total Liabilities and Fund Balances	<u>\$ 28,219</u>	<u>\$ 32,016</u>	<u>\$ 5,846</u>	<u>\$ 129,208</u>	<u>\$ 35,593</u>	<u>\$ 53,087</u>	<u>\$ 283,969</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

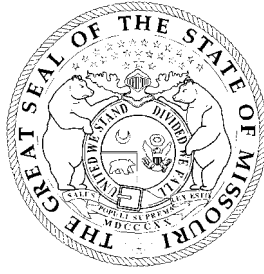
	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2002
Revenues:							
Taxes	\$ 152	\$ ---	\$ 509	\$ 53,319	\$ 41,192	\$ ---	\$ 95,172
Licenses, Fees and Permits	20,360	9,343	3,910	13,206	1	94,261	141,081
Sales	---	---	---	624	---	614	1,238
Services	74	62	---	98	---	---	234
Contributions and Intergovernmental	---	---	3	10,396	---	228	10,627
Investment Earnings	---	294	156	2,382	1,229	1,319	5,380
Penalties and Unclaimed Properties	201	10,854	---	336	2,903	1,071	15,365
Cost Reimbursement/Miscellaneous	2	1,334	---	173,698	306	16,266	191,606
Total Revenues	<u>20,789</u>	<u>21,887</u>	<u>4,578</u>	<u>254,059</u>	<u>45,631</u>	<u>113,759</u>	<u>460,703</u>
Expenditures:							
Current:							
General Government	---	8,979	---	680	2,903	4,968	17,530
Education	84	---	---	5,452	---	---	5,536
Natural and Economic Resources	14,009	5,379	8,715	11,042	59,842	56,645	155,632
Transportation and Law Enforcement	---	6,630	---	3,924	---	13,762	24,316
Human Services	---	1,582	---	145,250	155	3,057	150,044
Capital Outlay:							
Current Expenditures	196	2,163	36	878	3,130	3,197	9,600
Capital Lease Purchases	---	---	---	---	---	208	208
Debt Service:							
Principal	---	---	---	---	32	255	287
Interest	---	---	---	---	16	421	437
Intergovernmental	---	---	---	250	---	610	860
Total Expenditures	<u>14,289</u>	<u>24,733</u>	<u>8,751</u>	<u>167,476</u>	<u>66,078</u>	<u>83,123</u>	<u>364,450</u>
Excess Revenues (Expenditures)	<u>6,500</u>	<u>(2,846)</u>	<u>(4,173)</u>	<u>86,583</u>	<u>(20,447)</u>	<u>30,636</u>	<u>96,253</u>
Other Financing Sources (Uses):							
Proceeds from Capital Lease	---	---	---	---	---	208	208
Operating Transfers In	---	3,227	4,897	4,387	31	22,681	35,223
Operating Transfers Out	(1,198)	(415)	(161)	(234,131)	(4,558)	(48,214)	(288,677)
Total Other Financing Sources (Uses)	<u>(1,198)</u>	<u>2,812</u>	<u>4,736</u>	<u>(229,744)</u>	<u>(4,527)</u>	<u>(25,325)</u>	<u>(253,246)</u>
Excess Revenues and Other Sources (Expenditures and Other Uses)	5,302	(34)	563	(143,161)	(24,974)	5,311	(156,993)
Fund Balances – Beginning	22,521	31,728	5,135	269,460	56,685	45,160	430,689
Increase in Reserve for Inventory	---	---	---	7	---	54	61
Fund Balances – Ending	<u>\$ 27,823</u>	<u>\$ 31,694</u>	<u>\$ 5,698</u>	<u>\$ 126,306</u>	<u>\$ 31,711</u>	<u>\$ 50,525</u>	<u>\$ 273,757</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Taxes:												
Cigarette Tax	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 30,339	\$ 32,433	\$ 2,094
Miscellaneous Taxes	159	152	(7)	---	---	---	743	509	(234)	19,634	20,988	1,354
Total Taxes	159	152	(7)	---	---	---	743	509	(234)	49,973	53,421	3,448
Licenses, Fees and Permits	21,287	20,360	(927)	9,433	9,678	245	5,787	3,964	(1,823)	12,440	13,299	859
Sales	---	---	---	---	---	---	---	---	---	584	624	40
Services	78	75	(3)	61	62	1	---	---	---	61	65	4
Contributions and Intergovernmental	---	---	---	1,206	1,237	31	6	4	(2)	10,003	10,694	691
Interest, Penalties and Unclaimed Properties	210	201	(9)	10,438	10,710	272	108	74	(34)	2,316	2,475	159
Miscellaneous Revenues	3	3	---	1,349	1,384	35	391	268	(123)	162,581	173,801	11,220
Total Revenues	21,737	20,791	(946)	22,487	23,071	584	7,035	4,819	(2,216)	237,958	254,379	16,421
Expenditures:												
Current:												
General Government	---	---	---	10,189	8,288	1,901	---	---	---	26,303	4,050	22,253
Education	87	85	2	---	---	---	---	---	---	8,313	5,412	2,901
Natural and Economic Resources	8,611	7,084	1,527	5,961	5,307	654	13,223	8,938	4,285	19,007	10,649	8,358
Transportation and Law Enforcement	---	---	---	9,458	7,752	1,706	5	---	5	5,256	3,774	1,482
Human Services	---	---	---	1,583	1,583	---	---	---	---	214,274	141,535	72,739
Capital Outlay	243	199	44	2,705	2,207	498	56	38	18	1,349	879	470
Debt Service	---	---	---	---	---	---	---	---	---	---	---	---
Intergovernmental	---	---	---	---	---	---	---	---	---	496	323	173
Total Expenditures	8,941	7,368	1,573	29,896	25,137	4,759	13,284	8,976	4,308	274,998	166,622	108,376
Excess Revenues (Expenditures)	12,796	13,423	627	(7,409)	(2,066)	5,343	(6,249)	(4,157)	2,092	(37,040)	87,757	124,797
Other Financing Sources (Uses):												
Operating Transfers In	---	---	---	3,227	3,227	---	5,723	4,897	(826)	4,957	4,387	(570)
Operating Transfers Out	(11,140)	(8,064)	3,076	(1,664)	(1,355)	309	(761)	(600)	161	(240,546)	(235,367)	5,179
Total Other Financing Sources (Uses)	(11,140)	(8,064)	3,076	1,563	1,872	309	4,962	4,297	(665)	(235,589)	(230,980)	4,609
Excess Revenues and Other Sources (Expenditures and Other Uses)	1,656	5,359	3,703	(5,846)	(194)	5,652	(1,287)	140	1,427	(272,629)	(143,223)	129,406
Fund Balances – Beginning	23,844	23,844	---	29,116	29,116	---	1,297	1,297	---	252,735	252,735	---
Fund Balances – Ending	\$ 25,500	\$ 29,203	\$ 3,703	\$ 23,270	\$ 28,922	\$ 5,652	\$ 10	\$ 1,437	\$ 1,427	\$ (19,894)	\$ 109,512	\$ 129,406
Reconciling Items:												
Restatements to Beginning Balance		---			(81)			4,269			14,619	
Accrued Revenues		---			3,154			138			4,461	
Accrued Expenditures		(1,407)			(305)			(146)			(2,300)	
Inventory Balance		27			4			---			14	
Funds not included in B/A		---			---			---			---	
Fund Balance per GAAP		\$ 27,823			\$ 31,694			\$ 5,698			\$ 126,306	

This schedule is continued on pages 93–94.

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Taxes:									
Cigarette Tax	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 30,339	\$ 32,433	\$ 2,094
Miscellaneous Taxes	39,792	43,391	3,599	---	---	---	60,328	65,040	4,712
Total Taxes	39,792	43,391	3,599	---	---	---	90,667	97,473	6,806
Licenses, Fees and Permits	1	1	---	90,638	94,223	3,585	139,586	141,525	1,939
Sales	---	---	---	462	480	18	1,046	1,104	58
Services	---	---	---	---	---	---	200	202	2
Contributions and Intergovernmental	---	---	---	78	81	3	11,293	12,016	723
Interest, Penalties and Unclaimed Properties	3,946	4,304	358	2,371	2,465	94	19,389	20,229	840
Miscellaneous Revenues	577	629	52	16,040	16,675	635	180,941	192,760	11,819
Total Revenues	44,316	48,325	4,009	109,589	113,924	4,335	443,122	465,309	22,187
Expenditures:									
Current:									
General Government	4,674	3,577	1,097	5,719	4,892	827	46,885	20,807	26,078
Education	---	---	---	---	---	---	8,400	5,497	2,903
Natural and Economic Resources	58,281	56,773	1,508	54,994	51,155	3,839	160,077	139,906	20,171
Transportation and Law Enforcement	---	---	---	16,778	12,403	4,375	31,497	23,929	7,568
Human Services	139	127	12	4,047	2,598	1,449	220,043	145,843	74,200
Capital Outlay	3,404	3,313	91	4,132	3,234	898	11,889	9,870	2,019
Debt Service	---	---	---	11	10	1	11	10	1
Intergovernmental	---	---	---	923	640	283	1,419	963	456
Total Expenditures	66,498	63,790	2,708	86,604	74,932	11,672	480,221	346,825	133,396
Excess Revenues (Expenditures)	(22,182)	(15,465)	6,717	22,985	38,992	16,007	(37,099)	118,484	155,583
Other Financing Sources (Uses):									
Operating Transfers In	147	31	(116)	25,902	22,681	(3,221)	39,956	35,223	(4,733)
Operating Transfers Out	(8,070)	(7,939)	131	(66,444)	(58,212)	8,232	(328,625)	(311,537)	17,088
Total Other Financing Sources (Uses)	(7,923)	(7,908)	15	(40,542)	(35,531)	5,011	(288,669)	(276,314)	12,355
Excess Revenues and Other Sources (Expenditures and Other Uses)	(30,105)	(23,373)	6,732	(17,557)	3,461	21,018	(325,768)	(157,830)	167,938
Fund Balances – Beginning	48,461	48,461	---	51,076	51,076	---	406,529	406,529	---
Fund Balances – Ending	\$ 18,356	\$ 25,088	\$ 6,732	\$ 33,519	\$ 54,537	\$ 21,018	\$ 80,761	\$ 248,699	\$ 167,938
Reconciling Items:									
Restatements to Beginning Balance		7			(491)			18,323	
Accrued Revenues		7,468			958			16,179	
Accrued Expenditures		(852)			(5,040)			(10,050)	
Inventory Balance		---			158			203	
Funds not included in B/A		---			403			403	
Fund Balance per GAAP		\$ 31,711			\$ 50,525			\$ 273,757	



*The **Debt Service Funds** account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

Debt Service Funds:

Water Pollution Control Bond and Interest – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

Third State Building Bond Interest and Sinking – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

Fourth State Building Bond and Interest – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

Stormwater Control Bond and Interest – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2002
(In Thousands of Dollars)**

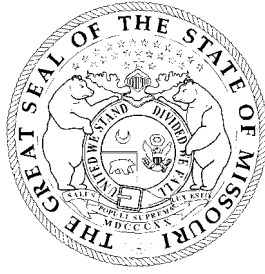
	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 35,444	\$ 52,733	\$ 19,450	\$ 2,305	\$ 109,932
Interest Receivable	187	278	103	12	580
Total Assets	<u>\$ 35,631</u>	<u>\$ 53,011</u>	<u>\$ 19,553</u>	<u>\$ 2,317</u>	<u>\$ 110,512</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	\$ 71	\$ 105	\$ 39	\$ 4	\$ 219
Matured Bonds Payable	---	5	---	---	5
Total Liabilities	<u>71</u>	<u>110</u>	<u>39</u>	<u>4</u>	<u>224</u>
Fund Balances:					
Reserved for Debt Service	<u>35,560</u>	<u>52,901</u>	<u>19,514</u>	<u>2,313</u>	<u>110,288</u>
Total Fund Balances	<u>35,560</u>	<u>52,901</u>	<u>19,514</u>	<u>2,313</u>	<u>110,288</u>
Total Liabilities and Fund Balances	<u>\$ 35,631</u>	<u>\$ 53,011</u>	<u>\$ 19,553</u>	<u>\$ 2,317</u>	<u>\$ 110,512</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals June 30, 2002
Revenues:					
Investment Earnings	\$ 1,232	\$ 1,850	\$ 676	\$ 77	\$ 3,835
Total Revenues	1,232	1,850	676	77	3,835
Expenditures:					
Debt Service:					
Principal	16,375	31,615	6,470	695	55,155
Interest	17,663	18,933	12,340	1,535	50,471
Total Expenditures	34,038	50,548	18,810	2,230	105,626
Excess Expenditures	(32,806)	(48,698)	(18,134)	(2,153)	(101,791)
Other Financing Sources:					
Operating Transfers In	31,909	47,354	17,459	2,109	98,831
Total Other Financing Sources	31,909	47,354	17,459	2,109	98,831
Excess Expenditures and Other Uses	(897)	(1,344)	(675)	(44)	(2,960)
Fund Balances – Beginning	36,457	54,245	20,189	2,357	113,248
Fund Balances – Ending	<u>\$ 35,560</u>	<u>\$ 52,901</u>	<u>\$ 19,514</u>	<u>\$ 2,313</u>	<u>\$ 110,288</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:															
Interest	\$ 1,449	\$ 1,338	\$ (111)	\$ 2,156	\$ 2,017	\$ (139)	\$ 802	\$ 741	\$ (61)	\$ 94	\$ 80	\$ (14)	\$ 4,501	\$ 4,176	\$ (325)
Total Revenues	1,449	1,338	(111)	2,156	2,017	(139)	802	741	(61)	94	80	(14)	4,501	4,176	(325)
Expenditures:															
Debt Service	34,290	34,038	252	50,548	50,548	---	18,810	18,810	---	2,366	2,230	136	106,014	105,626	388
Total Expenditures	34,290	34,038	252	50,548	50,548	---	18,810	18,810	---	2,366	2,230	136	106,014	105,626	388
Excess Expenditures	(32,841)	(32,700)	141	(48,392)	(48,531)	(139)	(18,008)	(18,069)	(61)	(2,272)	(2,150)	122	(101,513)	(101,450)	63
Other Financing Sources:															
Operating Transfers In	36,870	31,908	(4,962)	50,712	47,354	(3,358)	18,709	17,459	(1,250)	3,648	2,110	(1,538)	109,939	98,831	(11,108)
Total Other Financing Sources	36,870	31,908	(4,962)	50,712	47,354	(3,358)	18,709	17,459	(1,250)	3,648	2,110	(1,538)	109,939	98,831	(11,108)
Excess Revenues and Other Sources (Expenditures and Other Uses)	4,029	(792)	(4,821)	2,320	(1,177)	(3,497)	701	(610)	(1,311)	1,376	(40)	(1,416)	8,426	(2,619)	(11,045)
Fund Balances – Beginning	36,234	36,234	---	53,907	53,907	---	20,060	20,060	---	2,347	2,347	---	112,548	112,548	---
Fund Balances – Ending	<u>\$ 40,263</u>	<u>\$ 35,442</u>	<u>\$ (4,821)</u>	<u>\$ 56,227</u>	<u>\$ 52,730</u>	<u>\$ (3,497)</u>	<u>\$ 20,761</u>	<u>\$ 19,450</u>	<u>\$ (1,311)</u>	<u>\$ 3,723</u>	<u>\$ 2,307</u>	<u>\$ (1,416)</u>	<u>\$ 120,974</u>	<u>\$ 109,929</u>	<u>\$ (11,045)</u>
Reconciling Items:															
Accrued Revenues		118			171			64			6			359	
Fund Balances – GAAP Basis		<u>\$ 35,560</u>			<u>\$ 52,901</u>			<u>\$ 19,514</u>			<u>\$ 2,313</u>			<u>\$ 110,288</u>	



*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

Non-Major Capital Projects Funds:

Veterans' Homes Capital Improvement – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

Water Pollution Control – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

Fourth State Building – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections and the Division of Youth Services.

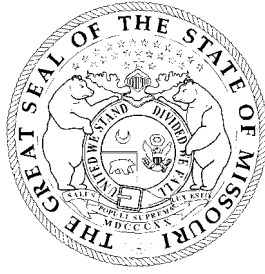
Stormwater Control – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 52,100	\$ 43,466	\$ 11,657	\$ 19,380	\$ 126,603
Interest Receivable	304	242	66	113	725
Total Assets	<u>\$ 52,404</u>	<u>\$ 43,708</u>	<u>\$ 11,723</u>	<u>\$ 19,493</u>	<u>\$ 127,328</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 4	\$ ---	\$ ---	\$ ---	\$ 4
Accrued Payroll	26	---	---	---	26
Due to Other Funds	8	---	---	---	8
Deferred Revenue	116	92	25	43	276
Total Liabilities	<u>154</u>	<u>92</u>	<u>25</u>	<u>43</u>	<u>314</u>
Fund Balances:					
Unreserved	<u>52,250</u>	<u>43,616</u>	<u>11,698</u>	<u>19,450</u>	<u>127,014</u>
Total Fund Balances	<u>52,250</u>	<u>43,616</u>	<u>11,698</u>	<u>19,450</u>	<u>127,014</u>
Total Liabilities and Fund Balances	<u>\$ 52,404</u>	<u>\$ 43,708</u>	<u>\$ 11,723</u>	<u>\$ 19,493</u>	<u>\$ 127,328</u>

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Totals June 30, 2002
Revenues:					
Contributions and Intergovernmental	\$ 1,165	\$ 907	\$ ---	\$ ---	\$ 2,072
Investment Earnings	2,513	876	486	877	4,752
Cost Reimbursement/ Miscellaneous	---	---	---	9	9
Total Revenues	3,678	1,783	486	886	6,833
Expenditures:					
Current:					
General Government	---	---	4,184	---	4,184
Transportation and Law Enforcement	1,792	---	---	---	1,792
Human Services	---	---	21	---	21
Capital Outlay:					
Current Expenditures	22,780	---	44	---	22,824
Intergovernmental	---	10,117	---	10,981	21,098
Total Expenditures	24,572	10,117	4,249	10,981	49,919
Excess Expenditures	(20,894)	(8,334)	(3,763)	(10,095)	(43,086)
Other Financing Sources (Uses):					
Operating Transfers In	3,000	---	---	---	3,000
Operating Transfers Out	(7,901)	(9,042)	---	---	(16,943)
Total Other Financing Sources (Uses)	(4,901)	(9,042)	---	---	(13,943)
Excess Expenditures and Other Uses	(25,795)	(17,376)	(3,763)	(10,095)	(57,029)
Fund Balances – Beginning	78,045	60,992	15,461	29,545	184,043
Fund Balances – Ending	\$ 52,250	\$ 43,616	\$ 11,698	\$ 19,450	\$ 127,014



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

Permanent Funds:

Confederate Memorial Park – Accounts for the income from investments acquired by gifts, donations and bequests to be used for the maintenance of the Confederate Memorial Park.

State Public School – Accounts for all moneys, bonds, lands and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

Smith Memorial Endowment Trust – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

Missouri Investment Trust – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

**STATE OF MISSOURI
COMBINING BALANCE SHEET
PERMANENT FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 135	\$ 13	\$ 413	\$ ---	\$ 561
Investments	---	17,607	---	18,061	35,668
Accounts Receivable	---	7	---	---	7
Interest Receivable	1	---	2	---	3
Total Assets	<u>\$ 136</u>	<u>\$ 17,627</u>	<u>\$ 415</u>	<u>\$ 18,061</u>	<u>\$ 36,239</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	\$ ---	\$ 1	\$ 1	\$ ---	\$ 2
Total Liabilities	<u>---</u>	<u>1</u>	<u>1</u>	<u>---</u>	<u>2</u>
Fund Balances:					
Reserved for Trust Principal	75	17,626	365	18,061	36,127
Unreserved	<u>61</u>	<u>---</u>	<u>49</u>	<u>---</u>	<u>110</u>
Total Fund Balances	<u>136</u>	<u>17,626</u>	<u>414</u>	<u>18,061</u>	<u>36,237</u>
Total Liabilities and Fund Balances	<u>\$ 136</u>	<u>\$ 17,627</u>	<u>\$ 415</u>	<u>\$ 18,061</u>	<u>\$ 36,239</u>

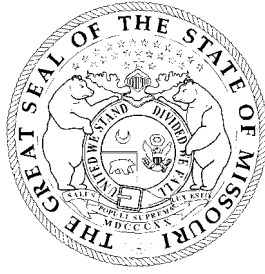
STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2002
Revenues:					
Licenses, Fees, and Permits	\$ ---	\$ 2	\$ ---	\$ ---	\$ 2
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(3,281)	(3,281)
Interest	5	20	14	---	39
Penalties and Unclaimed Properties	---	224	---	---	224
Total Revenues	5	246	14	(3,281)	(3,016)
Expenditures:					
Human Services	---	---	26	---	26
Total Expenditures	---	---	26	---	26
Excess Revenues (Expenditures)	5	246	(12)	(3,281)	(3,042)
Other Financing Sources:					
Operating Transfers In	---	629	---	---	629
Total Other Financing Sources	---	629	---	---	629
Excess Revenues and Other Sources (Expenditures and Other Uses)	5	875	(12)	(3,281)	(2,413)
Fund Balances – Beginning	131	16,751	426	21,342	38,650
Fund Balances – Ending	<u>\$ 136</u>	<u>\$ 17,626</u>	<u>\$ 414</u>	<u>\$ 18,061</u>	<u>\$ 36,237</u>

STATE OF MISSOURI
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL APPROPRIATED PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:												
Licenses, Fees, and Permits	\$ ---	\$ ---	\$ ---	\$ 2	\$ 2	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2	\$ 2	\$ ---
Redeposit of Investment Principal	---	---	---	10,000	20,326	10,326	---	---	---	10,000	20,326	10,326
Interest, Penalties and Unclaimed Properties	6	5	(1)	241	241	---	20	15	(5)	267	261	(6)
Total Revenues	6	5	(1)	10,243	20,569	10,326	20	15	(5)	10,269	20,589	10,320
Expenditures:												
Education	---	---	---	21,300	21,242	58	---	---	---	21,300	21,242	58
Human Services	---	---	---	---	---	---	35	26	9	35	26	9
Total Expenditures	---	---	---	21,300	21,242	58	35	26	9	21,335	21,268	67
Excess Revenues (Expenditures)	6	5	(1)	(11,057)	(673)	10,384	(15)	(11)	4	(11,066)	(679)	10,387
Other Financing Sources:												
Operating Transfers In	---	---	---	629	629	---	---	---	---	629	629	---
Total Other Financing Sources	---	---	---	629	629	---	---	---	---	629	629	---
Excess Revenues and Other Sources (Expenditures and Other Uses)	6	5	(1)	(10,428)	(44)	10,384	(15)	(11)	4	(10,437)	(50)	10,387
Fund Balances – Beginning	131	131	---	16,751	16,751	---	426	426	---	17,308	17,308	---
Fund Balances – Ending	<u>\$ 137</u>	<u>\$ 136</u>	<u>\$ (1)</u>	<u>\$ 6,323</u>	<u>\$ 16,707</u>	<u>\$ 10,384</u>	<u>\$ 411</u>	<u>\$ 415</u>	<u>\$ 4</u>	<u>\$ 6,871</u>	<u>\$ 17,258</u>	<u>\$ 10,387</u>
Reconciling Items:												
Closing Entries		---			4			(2)			2	
Purchase of Investments (net)		---			916			---			916	
Accrued Revenues		---			---			1			1	
Deferred Revenues–Unearned		---			(1)			---			(1)	
Fund Balance – GAAP Basis		<u>\$ 136</u>			<u>\$ 17,626</u>			<u>\$ 414</u>			<u>\$ 18,176</u>	

Note: Prior to the implementation of GASB Statement 34, these funds were classified as non-expendable trust funds, and did not have budget to actual comparisons. Therefore, the beginning fund balances above are taken from the FY 01 GAAP basis statements. The Missouri Investment Trust fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.



*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

Non-Major Enterprise Funds:

State Fair Fees – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State fair.

State Parks – Accounts for park concessions and contributions which are used to acquire and operate State parks.

Natural Resources Revolving Services – Accounts for moneys received from delivery of services and the sale or resale of maps, plats, reports, studies, records and other publications and documents.

Historic Preservation Revolving – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain or operate any historical properties.

Missouri Veterans' Homes – Accounts for fees to provide services for persons confined to one of the institutions.

State Agency for Surplus Property – Accounts for the surplus property operation.

Petroleum Storage Tank Insurance – Accounts for moneys collected from participating owners of petroleum storage tanks for cleanup of contamination caused by releases from petroleum storage tanks.

Department of Revenue Information – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
June 30, 2002
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Petroleum Storage Tank Insurance	Department of Revenue Information	Totals June 30, 2002
ASSETS									
Current Assets:									
Cash and Cash Equivalents	\$ 163	\$ 3,807	\$ 586	\$ 1,391	\$ 24	\$ 1,649	\$ 37,243	\$ 546	\$ 45,409
Accounts Receivable, Net	---	---	12	---	209	205	2,492	188	3,106
Interest Receivable	1	---	---	7	7	---	187	---	202
Inventories	---	220	545	---	240	315	---	159	1,479
Prepaid Items	---	---	80	---	---	1	---	---	81
Loans Receivable	---	---	---	145	---	---	---	---	145
Noncurrent Assets:									
Assets Held for Resale	---	---	---	115	---	---	---	---	115
Capital Assets:									
Construction in Progress	---	2,712	---	80	25	---	---	---	2,817
Land	---	9,560	---	185	---	---	---	---	9,745
Land Improvements	59	2,809	---	---	---	247	---	---	3,115
Buildings	3	11,390	---	---	141	225	31	---	11,790
Equipment	127	5,561	14,610	38	3,732	736	297	396	25,497
Less Accumulated Depreciation	(141)	(9,362)	(10,740)	(38)	(1,904)	(1,022)	(242)	(305)	(23,754)
Total Capital Assets (Net of Accumulated Depreciation)	48	22,670	3,870	265	1,994	186	86	91	29,210
Total Assets	212	26,697	5,093	1,923	2,474	2,356	40,008	984	79,747
LIABILITIES									
Current Liabilities:									
Accounts Payable	29	21	10	---	189	27	90,483	24	90,783
Accrued Payroll	24	60	---	2	862	25	48	10	1,031
Due to Other Funds	3	10	1	1	292	9	15	4	335
Deferred Revenue	---	---	41	---	5	---	569	---	615
Obligations under Lease Purchase	---	---	---	---	---	---	1	---	1
Compensated Absences	13	51	6	---	947	48	75	10	1,150
Noncurrent Assets:									
Obligations under Lease Purchase	---	---	---	---	---	---	27	---	27
Compensated Absences	2	8	1	---	154	8	12	2	187
Total Liabilities	71	150	59	3	2,449	117	91,230	50	94,129
NET ASSETS									
Invested in Capital Assets, Net of Related Debt	48	22,670	3,870	265	1,994	186	58	91	29,182
Unrestricted	93	3,877	1,164	1,655	(1,969)	2,053	(51,280)	843	(43,564)
Total Net Assets	\$ 141	\$ 26,547	\$ 5,034	\$ 1,920	\$ 25	\$ 2,239	\$ (51,222)	\$ 934	\$ (14,382)

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2002
(In Thousands of Dollars)

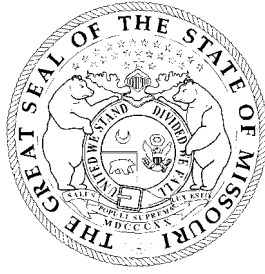
	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Petroleum Storage Tank Insurance	Department of Revenue Information	Totals June 30, 2002
Operating Revenues:									
Licenses, Fees and Permits	\$ 2,613	\$ 4,149	\$ ---	\$ ---	\$ 1	\$ ---	\$ 17,616	\$ ---	\$ 24,379
Sales	---	716	255	6	578	2,294	---	2,008	5,857
Leases and Rentals	835	2,079	---	---	---	---	---	---	2,914
Charges for Services	---	---	671	---	11,696	---	---	---	12,367
Cost Reimbursement/Miscellaneous	86	246	33	---	1	---	131	47	544
Total Operating Revenues	<u>3,534</u>	<u>7,190</u>	<u>959</u>	<u>6</u>	<u>12,276</u>	<u>2,294</u>	<u>17,747</u>	<u>2,055</u>	<u>46,061</u>
Operating Expenses:									
Cost of Goods Sold	---	---	---	---	---	923	---	---	923
Personal Service	736	1,029	47	61	28,143	906	1,547	547	33,016
Operations	2,500	1,827	654	67	6,058	411	2,959	443	14,919
Inventories	39	14	88	1	3,722	9	13	2	3,888
Specific Programs	4	2	---	---	228	---	21,148	---	21,382
Depreciation	3	1,179	1,780	1	526	69	57	39	3,654
Other Charges	138	296	---	---	117	---	29	53	633
Total Operating Expenses	<u>3,420</u>	<u>4,347</u>	<u>2,569</u>	<u>130</u>	<u>38,794</u>	<u>2,318</u>	<u>25,753</u>	<u>1,084</u>	<u>78,415</u>
Operating Income (Loss)	<u>114</u>	<u>2,843</u>	<u>(1,610)</u>	<u>(124)</u>	<u>(26,518)</u>	<u>(24)</u>	<u>(8,006)</u>	<u>971</u>	<u>(32,354)</u>
Non-Operating Revenues (Expenses):									
Contributions and Intergovernmental	---	94	---	---	18,661	---	---	---	18,755
Interest Expense	---	---	---	---	---	---	(3)	---	(3)
Investment Earnings	8	---	---	11	55	63	1,422	1	1,560
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	---	1
Disposal of Fixed Assets	---	(4)	213	---	(118)	---	(6)	---	85
Miscellaneous Revenues	---	---	---	---	---	8	---	---	8
Total Non-Operating Revenues (Expenses)	<u>8</u>	<u>91</u>	<u>213</u>	<u>11</u>	<u>18,598</u>	<u>71</u>	<u>1,413</u>	<u>1</u>	<u>20,406</u>
Income (Loss) Before Transfers	122	2,934	(1,397)	(113)	(7,920)	47	(6,593)	972	(11,948)
Operating Transfers In	---	---	---	---	7,820	---	---	---	7,820
Operating Transfers Out	(42)	(98)	(12)	(5)	(1,719)	(2)	(211)	(918)	(3,007)
Change in Net Assets	80	2,836	(1,409)	(118)	(1,819)	45	(6,804)	54	(7,135)
Total Net Assets – Beginning	61	23,711	6,443	2,038	1,844	2,194	(44,418)	880	(7,247)
Total Net Assets – Ending	<u>\$ 141</u>	<u>\$ 26,547</u>	<u>\$ 5,034</u>	<u>\$ 1,920</u>	<u>\$ 25</u>	<u>\$ 2,239</u>	<u>\$ (51,222)</u>	<u>\$ 934</u>	<u>\$ (14,382)</u>

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2002
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Service	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Petroleum Storage Tank Insurance	Department of Revenue Information	Totals June 30, 2002
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ 3,533	\$ 7,192	\$ 986	\$ 3	\$ 14,826	\$ 2,229	\$ 18,030	\$ 2,043	\$ 48,842
Payments to Suppliers	(2,571)	(2,113)	(812)	---	(9,996)	(1,013)	(2,972)	(484)	(19,961)
Payments to Employees	(719)	(1,012)	(46)	(62)	(28,646)	(908)	(1,539)	(551)	(33,483)
Payments Made for Program Expense	---	(2)	---	(68)	(228)	---	(16,686)	---	(16,984)
Other Receipts (Payments)	(138)	(296)	33	---	(116)	(420)	102	(53)	(888)
Net Cash Provided (Used) by Operating Activities	105	3,769	161	(127)	(24,160)	(112)	(3,065)	955	(22,474)
Cash Flows from Non-Capital Operating Activities:									
Loans Made to Outside Entities	---	---	---	37	---	---	---	---	37
Due to/from Other Funds	1	2	1	---	(51)	1	1	(4)	(49)
Contributions and Intergovernmental	---	94	---	---	18,661	---	---	---	18,755
Transfers to/from Other Funds	(42)	(98)	(12)	(5)	6,101	(2)	(211)	(918)	4,813
Net Cash Provided (Used) by Non-Capital Operating Activities	(41)	(2)	(11)	32	24,711	(1)	(210)	(922)	23,556
Cash Flows from Capital and Related Financing Activities:									
Interest Expense	---	---	---	---	---	---	(3)	---	(3)
Purchases and Construction of Capital Assets	(11)	(3,581)	---	(1)	(1,356)	---	(12)	---	(4,961)
Capital Lease Downpayment/Obligations	---	---	---	---	---	---	(2)	---	(2)
Disposal of Capital Assets	---	(4)	223	---	(118)	---	2	---	103
Net Cash Provided (Used) by Capital and Related Financing Activities	(11)	(3,585)	223	(1)	(1,474)	---	(15)	---	(4,863)
Cash Flows from Investing Activities:									
Interest and Dividends Received	9	---	---	15	58	63	1,642	1	1,788
Penalties and Other Receipts	---	1	---	---	---	8	---	---	9
Net Cash Provided by Investing Activities	9	1	---	15	58	71	1,642	1	1,797
Net Increase (Decrease) in Cash	62	183	373	(81)	(865)	(42)	(1,648)	34	(1,984)
Cash and Cash Equivalents, Beginning of Year	101	3,624	213	1,472	889	1,691	38,891	512	47,393
Cash and Cash Equivalents, End of Year	\$ 163	\$ 3,807	\$ 586	\$ 1,391	\$ 24	\$ 1,649	\$ 37,243	\$ 546	\$ 45,409

**Reconciliation of Operating Income of Net Cash
Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ 114	\$ 2,843	\$ (1,610)	\$ (124)	\$ (26,518)	\$ (24)	\$ (8,006)	\$ 971	\$ (32,354)
Depreciation Expense	3	1,179	1,780	1	526	69	57	39	3,654
Changes in Assets and Liabilities:									
Accounts Receivable	---	2	20	---	2,551	(65)	27	(12)	2,523
Inventories	---	(220)	(11)	---	22	(92)	---	---	(301)
Prepaid Items	---	---	(28)	---	---	1	---	---	(27)
Accounts Payable	(28)	(52)	(31)	---	(238)	1	4,462	(39)	4,075
Accrued Payroll	7	9	---	---	(189)	---	1	10	(162)
Deferred Revenue	(1)	---	41	(3)	---	---	387	---	424
Compensated Absences Payable	10	8	---	(1)	(314)	(2)	7	(14)	(306)
Net Cash Provided (Used) by Operating Activities	\$ 105	\$ 3,769	\$ 161	\$ (127)	\$ (24,160)	\$ (112)	\$ (3,065)	\$ 955	\$ (22,474)



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

Natural Resources Cost Allocation – Accounts for the administrative costs of the Department of Natural Resources.

Mental Health Interagency Payments – Accounts for moneys received through interagency agreements for services provided by other agencies.

State Facility Maintenance and Operation – Accounts for moneys transferred or paid to the Office of Administration as operating expenses and for rent expenses of certain state-owned facilities.

Office of Administration Revolving – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

Working Capital Revolving – Accounts for the operation of correctional industry programs and correctional farm programs.

Microfilming Service Revolving – Accounts for microfilming service operations.

General Government Revolving – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer and Department of Corrections.

Social Services Administrative Trust – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

Economic Development – Administrative – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

Professional Registration Fees – Accounts for moneys received from the professional boards for administrative services.

Conservation Employees' Insurance Plan – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for the Department of Conservation employees.

Transportation Self-Insurance Plan – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

Missouri State Employees' Insurance Plan – Accounts for long-term disability and death benefits provided on a self-insured basis for State employees.

Missouri Consolidated Health Care Plan – Accounts for medical care benefits provided on a self-insured basis for State employees.

Highway and Transportation Employees' and Highway Patrol Insurance Plan – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.

**STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2002
(In Thousands of Dollars)**

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility* Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2002
ASSETS															
Current Assets:															
Cash and Cash Equivalents	\$ 906	\$ 235	\$ 504	\$ 12,251	\$ 9,299	\$ 1,749	\$ 170	\$ 208	\$ 192	\$ 369	\$ ---	\$ ---	\$ 49,018	\$ 8,946	\$ 83,847
Investments	---	---	---	---	---	---	---	---	---	---	21,810	1,606	---	---	23,416
Accounts Receivable, Net	---	---	79	4,507	1,508	480	1	63	---	309	---	1,073	2,462	154	10,636
Interest Receivable	---	---	---	---	---	---	---	---	---	---	219	---	63	---	282
Due from Other Funds	---	---	---	---	---	---	---	---	---	---	---	115	8,689	---	8,804
Inventories	---	1	1	388	10,166	---	---	3	12	---	---	---	---	---	10,571
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	59	118	177
Noncurrent Assets:															
Restricted Cash and Cash Equivalents	---	---	161,937	---	---	---	---	---	---	---	---	---	---	---	161,937
Capital Assets:															
Construction in Progress	---	---	10,505	2,027	---	---	---	---	26	---	---	---	---	---	12,558
Land	---	---	8,502	11	103	---	---	---	---	---	---	---	---	---	8,616
Land Improvements	---	---	2,859	---	---	---	---	---	---	---	---	---	---	---	2,859
Buildings	---	---	226,525	5,702	6,373	---	---	---	2,300	---	---	---	---	---	240,900
Equipment	3,733	5	3,694	44,401	21,911	92	536	698	1,225	---	---	---	2,537	---	78,832
Less Accumulated Depreciation	(2,810)	(2)	(109,909)	(38,842)	(19,762)	(65)	(186)	(483)	(1,197)	---	---	---	(1,846)	---	(175,102)
Total Capital Assets (Net of Accumulated Depreciation)	923	3	142,176	13,299	8,625	27	350	215	2,354	---	---	---	691	---	168,663
Total Assets	1,829	239	304,697	30,445	29,598	2,256	521	489	2,558	678	22,029	2,794	60,982	9,218	468,333
LIABILITIES															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	---	---	6	---	---	6
Accounts Payable	9	226	2	1,817	3,251	---	9	---	25	1,690	34,790	2,504	30,979	10,467	85,769
Accrued Payroll	173	7	260	457	477	37	1	44	108	---	---	---	---	---	1,564
Due to Other Funds	54	1	93	149	106	13	1	13	37	---	---	---	---	---	467
Deferred Revenue	---	---	---	145	---	---	---	---	---	---	---	---	21,948	4,426	26,519
Obligations under Lease Purchase	---	---	41	2,047	42	---	---	---	---	---	---	---	---	---	2,130
Compensated Absences	255	---	530	1,059	387	82	2	68	204	---	---	---	152	---	2,739
Noncurrent Liabilities:															
Obligations under Lease Purchase	---	---	857	2,726	6	---	---	---	---	---	---	---	---	---	3,589
Compensated Absences	41	---	86	173	63	13	---	11	33	---	---	---	25	---	445
Total Liabilities	532	234	1,869	8,573	4,332	145	13	136	407	1,690	34,790	2,510	53,104	14,893	123,228
NET ASSETS															
Invested in Capital Assets, Net of Related Debt	923	3	141,278	8,526	8,577	27	350	215	2,354	---	---	---	691	---	162,944
Unrestricted	374	2	161,550	13,346	16,689	2,084	158	138	(203)	(1,012)	(12,761)	284	7,187	(5,675)	182,161
Total Net Assets	<u>\$ 1,297</u>	<u>\$ 5</u>	<u>\$ 302,828</u>	<u>\$ 21,872</u>	<u>\$ 25,266</u>	<u>\$ 2,111</u>	<u>\$ 508</u>	<u>\$ 353</u>	<u>\$ 2,151</u>	<u>\$ (1,012)</u>	<u>\$ (12,761)</u>	<u>\$ 284</u>	<u>\$ 7,878</u>	<u>\$ (5,675)</u>	<u>\$ 345,105</u>

*Includes Board of Public Buildings, which was classified as an Enterprise Fund in the FY 01 CAFR.

NOTE: The Microfilming Service Revolving Fund is not included in the Internal Service Funds Combining Statement of Net Assets because there were no assets, liabilities, or fund equity at June 30, 2002.

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility* Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	Microfilming Service Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2002
Operating Revenues:																
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 4,716	\$ 11,742	\$ ---	\$ 256,471	\$ 34,179	\$ 307,108
Employee Contributions	---	---	---	---	---	---	---	---	---	---	3,974	---	24,754	75,701	21,190	125,619
Licenses, Fees and Permits	---	---	8	---	---	---	211	---	---	24	---	---	---	---	---	243
Sales	---	---	1	---	24,103	---	177	3	---	---	---	---	---	---	---	24,284
Leases and Rentals	---	---	16,764	---	38	---	21	147	---	---	---	---	---	---	---	16,970
Charges for Services	9,838	8,189	998	76,380	---	---	1,458	4,652	1,587	5,686	---	---	---	---	---	108,788
Cost Reimbursement/Miscellaneous	2	2	---	5,950	---	---	---	34	1	1	130	233	436	---	484	7,273
Total Operating Revenues	9,840	8,191	17,771	82,330	24,141	---	1,867	4,836	1,588	5,711	8,820	11,975	25,190	332,172	55,853	590,285
Operating Expenses:																
Cost of Goods Sold	---	---	---	4,247	7,987	---	---	---	---	---	---	---	---	---	---	12,234
Personal Service	5,591	1,376	8,589	15,719	10,138	---	1,030	6	1,289	3,483	---	---	310	3,698	---	51,229
Operations	3,005	32	12,262	49,684	3,690	---	3,069	5,376	60	1,528	70	571	208	3,132	6,641	89,328
Inventories	96	31	75	1,241	127	---	2	4	10	72	---	---	---	---	---	1,658
Specific Programs	2	6,648	---	---	25	---	---	---	---	1	---	5	---	---	---	6,681
Insurance Benefits	---	---	---	---	---	---	---	---	---	---	11,092	20,396	24,675	334,208	47,616	437,987
Depreciation	946	1	475	6,929	1,978	---	28	55	172	438	---	---	---	280	---	11,302
Other Charges	113	4	38	478	1,381	---	2	---	6	39	2	4	---	---	---	2,067
Total Operating Expenses	9,753	8,092	21,439	78,298	25,326	---	4,131	5,441	1,537	5,561	11,164	20,976	25,193	341,318	54,257	612,486
Operating Income (Loss)	87	99	(3,668)	4,032	(1,185)	---	(2,264)	(605)	51	150	(2,344)	(9,001)	(3)	(9,146)	1,596	(22,201)
Non-Operating Revenues (Expenses):																
Contributions and Intergovernmental	---	---	---	---	---	---	15	---	---	---	---	---	---	---	---	15
Interest Expense	---	---	(173)	(476)	(4)	---	---	---	---	---	---	---	---	---	---	(653)
Investment Earnings:																
Net Increase in the Fair Value of Investments	---	---	---	---	---	---	---	---	---	---	---	34	---	---	---	34
Interest	---	---	---	---	1	---	---	---	---	---	44	1,123	48	968	179	2,363
Penalties and Unclaimed Properties	---	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Disposal of Fixed Assets	(113)	---	(2)	8	---	---	---	---	(5)	(226)	---	---	---	(2)	---	(340)
Total Non-Operating Revenues (Expenses)	(113)	---	(175)	(468)	(3)	---	15	1	(5)	(226)	44	1,157	48	966	179	1,420
Income (Loss) Before Transfers	(26)	99	(3,843)	3,564	(1,188)	---	(2,249)	(604)	46	(76)	(2,300)	(7,844)	45	(8,180)	1,775	(20,781)
Operating Transfers Out	(388)	(36)	(493)	(2,982)	(456)	(36)	(121)	(18)	(88)	(401)	---	---	---	---	---	(5,019)
Change in Net Assets	(414)	63	(4,336)	582	(1,644)	(36)	(2,370)	(622)	(42)	(477)	(2,300)	(7,844)	45	(8,180)	1,775	(25,800)
Total Net Assets – Beginning	1,711	(58)	307,164	21,298	26,910	36	4,481	1,130	395	2,628	1,288	(4,917)	239	16,058	(7,450)	370,913
Residual Equity Transfers Out	---	---	---	(8)	---	---	---	---	---	---	---	---	---	---	---	(8)
Total Net Assets – Ending	\$ 1,297	\$ 5	\$ 302,828	\$ 21,872	\$ 25,266	\$ ---	\$ 2,111	\$ 508	\$ 353	\$ 2,151	\$ (1,012)	\$ (12,761)	\$ 284	\$ 7,878	\$ (5,675)	\$ 345,105

*Includes Board of Public Buildings, which was classified as an Enterprise Fund in the FY 01 CAFR.

STATE OF MISSOURI
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2002
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility* Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	Microfilming Service Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fee	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	Highway and Transportation Employees' and Highway Patrol Insurance Plan	Totals June 30, 2002
Cash Flows from Operating Activities:																
Receipts from Customers and Users	\$ 9,838	\$ 8,189	\$ 17,842	\$ 77,583	\$ 25,950	\$ ---	\$ 3,399	\$ 4,814	\$ 1,525	\$ 5,710	\$ 8,942	\$ 12,057	\$ 25,948	\$ 349,032	\$ 55,805	\$ 606,634
Payments to Suppliers	(3,102)	(675)	(12,300)	(56,688)	(11,557)	---	(3,304)	(5,386)	(74)	(1,697)	(10,675)	(14,201)	(24,827)	(333,383)	(52,051)	(529,920)
Payments to Employees	(5,754)	(1,370)	(8,354)	(15,637)	(10,260)	---	(1,011)	(8)	(1,325)	(3,478)	---	---	(281)	(3,699)	---	(51,177)
Payments Made for Program Expense	(2)	(6,648)	---	---	---	---	---	---	---	---	---	---	---	---	---	(6,650)
Other Receipts (Payments)	(111)	(2)	(38)	5,472	(1,381)	---	(2)	30	(5)	(39)	---	---	---	---	---	3,924
Net Cash Provided (Used) by Operating Activities	869	(506)	(2,850)	10,730	2,752	---	(918)	(550)	121	496	(1,733)	(2,144)	840	11,950	3,754	22,811
Cash Flows from Non-Capital Operating Activities:																
Due to/from Other Funds	3	1	13	5	6	---	5	1	(2)	4	---	---	---	---	---	36
Contributions and Intergovernmental	---	---	---	---	---	---	15	---	---	---	---	---	---	---	---	15
Transfers to Other Funds	(388)	(36)	(493)	(2,982)	(456)	(36)	(121)	(18)	(88)	(401)	---	---	---	---	---	(5,019)
Net Cash Used by Non-Capital Operating Activities	(385)	(35)	(480)	(2,977)	(450)	(36)	(101)	(17)	(90)	(397)	---	---	---	---	---	(4,968)
Cash Flows from Capital and Related Financing Activities:																
Interest Expense	---	---	(173)	(476)	(4)	---	---	---	---	---	---	---	---	---	---	(653)
Purchases and Construction of Capital Assets	(332)	---	(11,243)	(4,627)	(784)	---	(22)	---	(40)	(168)	---	---	---	(135)	---	(17,351)
Capital Lease Downpayment/Obligations	---	---	(39)	(3,191)	(42)	---	---	---	---	---	---	---	---	---	---	(3,272)
Disposal of Capital Assets	(113)	---	(2)	8	---	---	---	---	(5)	(226)	---	---	---	(2)	---	(340)
Net Cash Used by Capital and Related Financing Activities	(445)	---	(11,457)	(8,286)	(830)	---	(22)	---	(45)	(394)	---	---	---	(137)	---	(21,616)
Cash Flows from Investing Activities:																
Proceeds from Investment Maturities	---	---	---	---	---	---	---	---	---	---	---	16,006	485,363	---	---	501,369
Purchase of Investments	---	---	---	---	---	---	---	---	---	---	---	(14,985)	(486,247)	---	---	(501,232)
Interest and Dividends Received	---	---	---	---	1	---	---	---	---	---	44	1,123	48	1,025	179	2,420
Penalties and Other Receipts	---	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	---	---	---	---	1	---	---	1	---	---	44	2,144	(836)	1,025	179	2,558
Net Increase (Decrease) in Cash	39	(541)	(14,787)	(533)	1,473	(36)	(1,041)	(566)	(14)	(295)	(1,689)	---	4	12,838	3,933	(1,215)
Cash and Cash Equivalents, Beginning of Year	867	776	177,228	12,784	7,826	36	2,790	736	222	487	2,058	---	(10)	36,180	5,013	246,993
Cash and Cash Equivalents, End of Year	\$ 906	\$ 235	\$ 162,441	\$ 12,251	\$ 9,299	\$ ---	\$ 1,749	\$ 170	\$ 208	\$ 192	\$ 369	\$ ---	\$ (6)	\$ 49,018	\$ 8,946	\$ 245,778

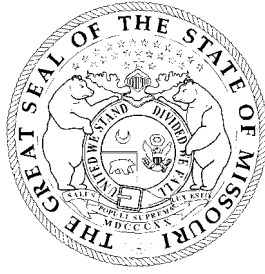
**Reconciliation of Operating Income of Net Cash
Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ 87	\$ 99	\$ (3,668)	\$ 4,032	\$ (1,185)	\$ ---	\$ (2,264)	\$ (605)	\$ 51	\$ 150	\$ (2,344)	\$ (9,001)	\$ (3)	\$ (9,146)	\$ 1,596	\$ (22,201)
Depreciation Expense	946	1	475	6,929	1,978	---	28	55	172	438	---	---	---	280	---	11,302
Changes in Assets and Liabilities:																
Accounts Receivable	---	---	71	1,346	1,809	---	1,532	12	(62)	---	122	82	849	(92)	(48)	5,621
Due from Other Funds	---	---	---	---	---	---	---	---	---	---	---	---	(13)	4,148	---	4,135
Inventories	---	(1)	(1)	79	1,648	---	---	---	---	---	---	---	---	---	---	1,725
Prepaid Items	---	---	36	---	---	---	---	---	---	---	---	---	---	(59)	(118)	(141)
Accounts Payable	(1)	(611)	2	(1,595)	(1,376)	---	(233)	(10)	(4)	(97)	489	6,775	7	4,016	542	7,904
Accrued Payroll	(12)	7	260	84	125	---	12	(1)	(7)	(6)	---	---	---	---	---	462
Deferred Revenue	---	---	---	(143)	---	---	---	---	---	---	---	---	---	12,804	1,782	14,443
Compensated Absences Payable	(151)	(1)	(25)	(2)	(247)	---	7	(1)	(29)	11	---	---	---	(1)	---	(439)
Net Cash Provided (Used) by Operating Activities	\$ 869	\$ (506)	\$ (2,850)	\$ 10,730	\$ 2,752	\$ ---	\$ (918)	\$ (550)	\$ 121	\$ 496	\$ (1,733)	\$ (2,144)	\$ 840	\$ 11,950	\$ 3,754	\$ 22,811

*Includes Board of Public Buildings, which was classified as an Enterprise Fund in the FY 01 CAFR.

Non-Cash Financing Activities:

During fiscal year 2002, the fair value of investments increased by \$34,000 for the Transportation Self-Insurance Plan.
During fiscal year 2002, the Office of Administration Revolving Fund transferred fully depreciated equipment of \$8,000 to the General Fund.
During fiscal year 2002, the Office of Administration Revolving Fund entered into lease/purchase agreements for \$4,334,000.



*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

Pension Trust Funds:

Missouri State Employees' Retirement System:

Missouri State Employees' Plan – Accounts for retirement, survivor and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

Administrative Law Judges' and Advisors' Plan – Accounts for retirement, survivor and disability benefits paid to individuals appointed as administrative law judges or legal advisors in the Division of Workers' Compensation, members of the Labor and Industrial Relations Commission and their attorneys, the chairperson of the State Board of Mediation, and administrative hearing commissioners.

Judicial Plan – Accounts for retirement, survivor and disability benefits to those serving as judges in the State of Missouri.

Highway and Transportation Employees' and Highway Patrol Retirement Plan – Accounts for retirement, survivor and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

Missouri State Employees' Deferred Compensation Incentive Plan – Accounts for retirement benefits paid to employees of the State.

Private-Purpose Trust Funds:

Alternative Care Trust – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

Johnson-Travis Memorial Trust – Accounts for all moneys, stocks and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop and maintain the gardens.

Unclaimed Property – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends and interest of banks unable to locate the owners.

Missouri State Public Employees' Deferred Compensation Plan – Accounts for deposits from State employees which are invested for the benefit of the employees until properly authorized to distribute.

Agency Funds:

State Retirement Contributions – Accounts for receipt of contributions from various State funds which are to be transferred to the Missouri State Employees' Retirement Plan Trust Fund.

Social Security Contributions – Accounts for receipt of contributions from various State funds for the State's share of social security contributions which are due to the Federal Social Security Administration.

Missouri State Employees' Deferred Compensation Incentive Plan Administration – Accounts for moneys to be used for the payment by the State to deferred compensation investment companies on behalf of qualified state employees.

Missouri Consolidated Health Care Plan Benefit – Accounts for receipt of contributions from various State funds which are to be transferred to the Missouri Consolidated Health Care Plan Fund.

Missouri State Employees' Voluntary Life Insurance – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

Program – Accounts for the receipt of various taxes, refundable deposits and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

Institution – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
June 30, 2002
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Missouri State Employees' Deferred Compensation Incentive Plan	Totals June 30, 2002
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan			
ASSETS						
Cash and Cash Equivalents	\$ 376,083	\$ 945	\$ 1,816	\$ ---	\$ ---	\$ 378,844
Receivables:						
Interest Receivable	26,763	67	129	6,238	---	33,197
Accounts Receivable	66,820	207	1,236	4,033	---	72,296
Due from Other Funds	8,461	---	---	---	487	8,948
Investments at Fair Value	4,845,933	12,170	23,395	1,263,092	75,092	6,219,682
Invested Securities Lending Collateral	1,001,524	2,515	4,835	---	---	1,008,874
Prepaid Expenses	58	---	---	15	---	73
Capital Assets:						
Land	265	1	1	84	---	351
Buildings	3,285	8	16	562	---	3,871
Equipment	2,052	5	10	75	---	2,142
Accumulated Depreciation	(1,729)	(4)	(9)	(28)	---	(1,770)
Total Capital Assets, Net	<u>3,873</u>	<u>10</u>	<u>18</u>	<u>693</u>	<u>---</u>	<u>4,594</u>
 Total Assets	 <u>6,329,515</u>	 <u>15,914</u>	 <u>31,429</u>	 <u>1,274,071</u>	 <u>75,579</u>	 <u>7,726,508</u>
LIABILITIES						
Accounts Payable	301,934	758	1,458	5,768	---	309,918
Securities Lending Collateral	1,002,820	2,519	4,841	---	---	1,010,180
Compensated Absences	244	1	1	65	---	311
 Total Liabilities	 <u>1,304,998</u>	 <u>3,278</u>	 <u>6,300</u>	 <u>5,833</u>	 <u>---</u>	 <u>1,320,409</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 5,024,517</u>	 <u>\$ 12,636</u>	 <u>\$ 25,129</u>	 <u>\$ 1,268,238</u>	 <u>\$ 75,579</u>	 <u>\$ 6,406,099</u>

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Missouri State Employees' Retirement System			Highway and Transportation Employees' and Highway Patrol Retirement Plan	Missouri State Employees' Deferred Compensation Incentive Plan	Totals June 30, 2002
	Missouri State Employees' Plan	Administrative Law Judges' and Advisors' Plan	Judicial Plan			
Additions:						
Contributions:						
Employer	\$ 209,515	\$ 1,072	\$ 22,088	\$ 77,440	\$ 18,960	\$ 329,075
Plan Member	3,913	---	---	640	---	4,553
Other	49	---	---	---	---	49
Investment Earnings:						
Net Decrease in the Fair Value of Investments	(451,628)	(1,134)	(2,180)	(84,860)	(5,768)	(545,570)
Interest and Dividends	114,368	287	552	429	1,727	117,363
Securities Lending Income	31,150	78	150	131	---	31,509
Total Investment Earnings	(306,110)	(769)	(1,478)	(84,300)	(4,041)	(396,698)
Less Investment Expenses:						
Investment Activity Expense	(11,681)	(29)	(56)	(3,919)	---	(15,685)
Securities Lending Expense	(30,315)	(76)	(146)	(33)	---	(30,570)
Total Investment Expense	(41,996)	(105)	(202)	(3,952)	---	(46,255)
Net Investment Earnings	(348,106)	(874)	(1,680)	(88,252)	(4,041)	(442,953)
Cost Reimbursement/ Miscellaneous	448	1	2	---	---	451
Total Additions	(134,181)	199	20,410	(10,172)	14,919	(108,825)
Deductions:						
Benefits	268,481	837	15,944	133,499	2,527	421,288
Administrative Expenses	5,336	13	26	1,335	38	6,748
Service Transfer Payments	28	---	---	---	---	28
Depreciation	418	1	2	---	---	421
Total Deductions	274,263	851	15,972	134,834	2,565	428,485
Change in Net Assets	(408,444)	(652)	4,438	(145,006)	12,354	(537,310)
Net Assets Held in Trust for Pension Benefits						
Beginning of Year	5,432,961	13,288	20,691	1,413,244	63,225	6,943,409
End of Year	\$ 5,024,517	\$ 12,636	\$ 25,129	\$ 1,268,238	\$ 75,579	\$ 6,406,099

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2002
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Missouri State Public Employees' Deferred Compensation Plan	Totals June 30, 2002
ASSETS					
Cash and Cash Equivalents	\$ 2,806	\$ 18	\$ 9,052	\$ 2,546	\$ 14,422
Interest Receivable	13	---	33	---	46
Advance to Other Funds	---	---	45,345	---	45,345
Investments at Fair Value	---	10	---	786,375	786,385
Equipment	---	---	18	---	18
Less: Accumulated Depreciation	---	---	(10)	---	(10)
Total Assets	2,819	28	54,438	788,921	846,206
LIABILITIES					
Accounts Payable	980	---	---	---	980
Escheats/Unclaimed Property	---	---	50,122	---	50,122
Total Liabilities	980	---	50,122	---	51,102
NET ASSETS					
Net Assets Held in Trust for Other Purposes	\$ 1,839	\$ 28	\$ 4,316	\$ 788,921	\$ 795,104

STATE OF MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2002

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Missouri State Public Employees' Deferred Compensation Plan	Totals June 30, 2002
Additions:					
Contributions:					
Plan Member	\$ ---	\$ ---	\$ ---	\$ 65,781	\$ 65,781
Investment Earnings:					
Net Decrease in the Fair Value of Investments	---	---	---	(63,743)	(63,743)
Interest	86	2	239	20,257	20,584
Unclaimed Property	---	---	16,225	---	16,225
Cost Reimbursement/Miscellaneous	11,051	---	---	---	11,051
Total Additions	11,137	2	16,464	22,295	49,898
Deductions:					
Administrative Expenses	879	---	---	---	879
Program Distributions	9,575	---	430	40,508	50,513
Depreciation	---	---	10	---	10
Transfers Out	---	---	16,071	---	16,071
Total Deductions	10,454	---	16,511	40,508	67,473
Change in Net Assets	683	2	(47)	(18,213)	(17,575)
Net Assets – Beginning	1,156	26	4,363	807,134	812,679
Net Assets – Ending	\$ 1,839	\$ 28	\$ 4,316	\$ 788,921	\$ 795,104

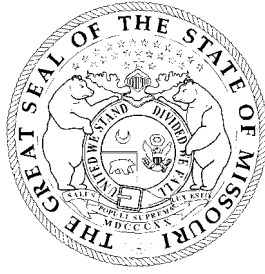
**STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2002
(In Thousands of Dollars)**

	State Retirement Contributions	Social Security Contributions	Missouri State Employees' Deferred Compensation Incentive Plan Administration	Missouri Consolidated Health Care Plan Benefit	Program	Institution	Totals June 30, 2002
ASSETS							
Cash and Cash Equivalents	\$ ---	\$ 31	\$ 1	\$ 12	\$ 56,447	\$ 16,645	\$ 73,136
Receivables:							
Interest Receivable	---	---	---	---	361	---	361
Accounts Receivable	---	---	---	---	138,111	---	138,111
Due from Other Funds	8,576	5,753	486	8,677	---	---	23,492
Investments at Fair Value	---	---	---	---	252,242	969	253,211
Total Assets	<u>\$ 8,576</u>	<u>\$ 5,784</u>	<u>\$ 487</u>	<u>\$ 8,689</u>	<u>\$ 447,161</u>	<u>\$ 17,614</u>	<u>\$ 488,311</u>
LIABILITIES							
Accounts Payable	\$ ---	\$ ---	\$ ---	\$ ---	\$ 22	\$ ---	\$ 22
Due to Other Entities	---	5,784	---	---	389,129	---	394,913
Due to Individuals	---	---	---	---	52,329	17,614	69,943
Due to Other Funds	8,576	---	487	8,689	2,479	---	20,231
Advance from Component Units	---	---	---	---	3,202	---	3,202
Total Liabilities	<u>\$ 8,576</u>	<u>\$ 5,784</u>	<u>\$ 487</u>	<u>\$ 8,689</u>	<u>\$ 447,161</u>	<u>\$ 17,614</u>	<u>\$ 488,311</u>

NOTE: The Missouri State Employees' Voluntary Life Insurance is not included in the Agency Funds Combining Balance Sheet because there were no assets or liabilities at June 30, 2002.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
STATE RETIREMENT CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 8,169	\$ 215,181	\$ 223,350	\$ ---
Due from Other Funds	8,586	8,576	8,586	8,576
Total Assets	<u>\$ 16,755</u>	<u>\$ 223,757</u>	<u>\$ 231,936</u>	<u>\$ 8,576</u>
LIABILITIES				
Due to Other Funds	<u>\$ 16,755</u>	<u>\$ 650,466</u>	<u>\$ 658,645</u>	<u>\$ 8,576</u>
SOCIAL SECURITY CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	\$ 105	\$ 143,913	\$ 143,987	\$ 31
Due from Other Funds	5,874	5,753	5,874	5,753
Total Assets	<u>\$ 5,979</u>	<u>\$ 149,666</u>	<u>\$ 149,861</u>	<u>\$ 5,784</u>
LIABILITIES				
Due to Other Entities	<u>\$ 5,979</u>	<u>\$ 437,208</u>	<u>\$ 437,403</u>	<u>\$ 5,784</u>
DEFERRED COMPENSATION				
INCENTIVE PLAN ADMINISTRATION				
ASSETS				
Cash and Cash Equivalents	\$ ---	\$ 12,110	\$ 12,109	\$ 1
Due from Other Funds	490	486	490	486
Total Assets	<u>\$ 490</u>	<u>\$ 12,596</u>	<u>\$ 12,599</u>	<u>\$ 487</u>
LIABILITIES				
Due to Other Funds	<u>\$ 490</u>	<u>\$ 36,795</u>	<u>\$ 36,798</u>	<u>\$ 487</u>
MISSOURI CONSOLIDATED HEALTH CARE PLAN BENEFIT				
ASSETS				
Cash and Cash Equivalents	\$ 6,417	\$ 229,837	\$ 236,242	\$ 12
Due from Other Funds	6,419	8,677	6,419	8,677
Total Assets	<u>\$ 12,836</u>	<u>\$ 238,514</u>	<u>\$ 242,661</u>	<u>\$ 8,689</u>
LIABILITIES				
Due to Other Funds	<u>\$ 12,836</u>	<u>\$ 645,262</u>	<u>\$ 649,409</u>	<u>\$ 8,689</u>
MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE				
ASSETS				
Cash and Cash Equivalents	<u>\$ ---</u>	<u>\$ 866</u>	<u>\$ 866</u>	<u>\$ ---</u>
LIABILITIES				
Due to Other Entities	<u>\$ ---</u>	<u>\$ 858</u>	<u>\$ 858</u>	<u>\$ ---</u>
PROGRAM				
ASSETS				
Cash and Cash Equivalents	\$ 32,454	\$ 1,536,307	\$ 1,512,314	\$ 56,447
Receivables:				
Interest Receivable	889	3,578	4,106	361
Accounts Receivable	156,759	2,388	21,036	138,111
Investments at Fair Value	245,921	2,752,600	2,746,279	252,242
Total Assets	<u>\$ 436,023</u>	<u>\$ 4,294,873</u>	<u>\$ 4,283,735</u>	<u>\$ 447,161</u>
LIABILITIES				
Accounts Payable	\$ 19	\$ 270	\$ 267	\$ 22
Due to Other Entities	402,384	3,427,428	3,440,683	389,129
Due to Individuals	33,620	835,208	816,499	52,329
Due to Other Funds	---	2,479	---	2,479
Advance from Component Units	---	3,202	---	3,202
Total Liabilities	<u>\$ 436,023</u>	<u>\$ 4,268,587</u>	<u>\$ 4,257,449</u>	<u>\$ 447,161</u>
INSTITUTION				
ASSETS				
Cash and Cash Equivalents	\$ 15,024	\$ 126,376	\$ 124,755	\$ 16,645
Investments at Fair Value	897	250	178	969
Total Assets	<u>\$ 15,921</u>	<u>\$ 126,626</u>	<u>\$ 124,933</u>	<u>\$ 17,614</u>
LIABILITIES				
Due to Individuals	<u>\$ 15,921</u>	<u>\$ 126,626</u>	<u>\$ 124,933</u>	<u>\$ 17,614</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 62,169	\$ 2,264,590	\$ 2,253,623	\$ 73,136
Receivables:				
Interest Receivable	889	3,578	4,106	361
Accounts Receivable	156,759	2,388	21,036	138,111
Due from Other Funds	21,369	23,492	21,369	23,492
Investments at Fair Value	246,818	2,752,850	2,746,457	253,211
Total Assets	<u>\$ 488,004</u>	<u>\$ 5,046,898</u>	<u>\$ 5,046,591</u>	<u>\$ 488,311</u>
LIABILITIES				
Accounts Payable	\$ 19	\$ 270	\$ 267	\$ 22
Due to Other Entities	408,363	3,865,494	3,878,944	394,913
Due to Individuals	49,541	961,834	941,432	69,943
Due to Other Funds	30,081	1,335,002	1,344,852	20,231
Advance from Component Units	---	3,202	---	3,202
Total Liabilities	<u>\$ 488,004</u>	<u>\$ 6,165,802</u>	<u>\$ 6,165,495</u>	<u>\$ 488,311</u>



*The **Component Units** account for all transactions relating to legally separate entities which for reporting purposes are a part of the State.*

Non-Major Component Units:

Proprietary Funds:

Development Finance Board – Accounts for moneys from bond proceeds, gifts and grants to make loans for industrial development.

Agricultural and Small Business Development Authority – Accounts for moneys from bond proceeds, gifts and grants to make loans for property acquisitions/renovations and pollution control facilities.

Fulton 54 Transportation Corporation – Accounts for moneys from bond proceeds to pay for an overpass at the intersection of Route HH and U.S. Highway 54.

Missouri Transportation Finance Corporation – Accounts for moneys from federal, state or local sources and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

Missouri Highway 179 Transportation Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Springfield, MO State Highway Improvement Corporation – Accounts for moneys from bond proceeds to pay for projects under the Missouri Transportation Corporation Act.

Wentzville Parkway Transportation Corporation – Accounts for moneys from bond proceeds to promote and develop public transportation facilities under the Missouri Transportation Corporation Act.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
June 30, 2002
(In Thousands of Dollars)

	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2002
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 384	\$ 3,336	\$ ---	\$ 3,659	\$ 5,768	\$ ---	\$ ---	\$ 13,147
Investments	13,945	---	---	---	---	---	---	13,945
Accounts Receivable, Net	---	15	---	---	450	---	---	465
Interest Receivable	1,777	---	---	345	---	---	---	2,122
Prepaid Items	5	---	---	---	---	---	---	5
Due from Other Governments	---	---	---	---	---	6,363	3,854	10,217
Loans Receivable	4,060	509	---	15,411	---	---	---	19,980
Noncurrent Assets:								
Accounts Receivable, Net	---	---	1,010	---	8,116	---	---	9,126
Advance to Primary Government	7,700	---	7,695	12,000	14,094	18,667	8,849	69,005
Advance to Other Component Units	---	---	---	2,870	---	---	---	2,870
Loans Receivable	23,597	3,815	---	---	---	---	---	27,412
Restricted Assets – Cash and Cash Equivalents	10,729	470	413	36,908	---	54	4,137	52,711
Restricted Assets – Investments	25,763	---	884	---	---	---	---	26,647
Deferred Charges	22	---	---	---	---	---	209	231
Capital Assets:								
Land	4,705	---	---	---	---	---	---	4,705
Construction in Progress	14,123	---	---	---	---	---	---	14,123
Buildings	2,400	---	---	---	---	---	---	2,400
Equipment	133	---	---	---	---	---	---	133
Less Accumulated Depreciation	(863)	---	---	---	---	---	---	(863)
Total Capital Assets (Net of Accumulated Depreciation)	20,498	---	---	---	---	---	---	20,498
Total Assets	108,480	8,145	10,002	71,193	28,428	25,084	17,049	268,381
LIABILITIES								
Current Liabilities:								
Accounts Payable	184	136	---	5	2	---	9	336
Due to Primary Government	---	457	---	---	---	---	---	457
Deferred Revenue	---	---	---	---	450	---	3,854	4,304
Interest Payable	---	---	137	---	---	475	172	784
Bonds Payable	---	---	---	---	2,130	7,585	80	9,795
Noncurrent Liabilities:								
Due to Primary Government	---	4,480	---	---	---	---	---	4,480
Deferred Revenue	26,851	---	1,010	---	8,108	---	---	35,969
Advance from Other Component Units	---	---	---	---	---	2,870	---	2,870
Bonds Payable	34,555	---	8,705	---	14,915	14,100	12,590	84,865
Total Liabilities	61,590	5,073	9,852	5	25,605	25,030	16,705	143,860
NET ASSETS								
Invested in Capital Assets, Net	20,498	---	---	---	---	---	---	20,498
Restricted for Other Purposes	2,415	2,538	---	---	---	---	---	4,953
Unrestricted	23,977	534	150	71,188	2,823	54	344	99,070
Total Net Assets	\$ 46,890	\$ 3,072	\$ 150	\$ 71,188	\$ 2,823	\$ 54	\$ 344	\$ 124,521

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2002
(In Thousands of Dollars)

	Development Finance Board	Agricultural and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2002
Operating Revenues:								
Licenses, Fees and Permits	\$ 954	\$ 292	\$ ---	\$ 1	\$ ---	\$ ---	\$ ---	\$ 1,247
Interest on Receivables	1,969	---	34	1,231	666	---	143	4,043
Leases and Rentals	89	---	---	---	---	---	---	89
Cost Reimbursement/Miscellaneous	86	---	354	---	150	1,170	265	2,025
Total Operating Revenues	<u>3,098</u>	<u>292</u>	<u>388</u>	<u>1,232</u>	<u>816</u>	<u>1,170</u>	<u>408</u>	<u>7,404</u>
Operating Expenses:								
Personal Service	410	78	---	31	---	---	---	519
Operations	183	121	9	15	---	---	6	334
Specific Programs	---	1,425	---	---	---	---	---	1,425
Interest Expense	---	---	414	---	868	1,170	326	2,778
Depreciation	95	---	---	---	---	---	---	95
Amortization	4	---	---	---	---	---	7	11
Other Charges	17	---	---	1	---	---	---	18
Total Operating Expenses	<u>709</u>	<u>1,624</u>	<u>423</u>	<u>47</u>	<u>868</u>	<u>1,170</u>	<u>339</u>	<u>5,180</u>
Operating Income (Loss)	<u>2,389</u>	<u>(1,332)</u>	<u>(35)</u>	<u>1,185</u>	<u>(52)</u>	<u>---</u>	<u>69</u>	<u>2,224</u>
Non-Operating Revenues:								
Contributions and Intergovernmental	---	1,276	---	---	---	---	---	1,276
Investment Earnings:								
Increase in Fair Value of Investments	---	---	20	---	---	---	---	20
Interest	135	201	---	981	---	---	275	1,592
Total Non-Operating Revenues	<u>135</u>	<u>1,477</u>	<u>20</u>	<u>981</u>	<u>---</u>	<u>---</u>	<u>275</u>	<u>2,888</u>
Income (Loss) Before Transfers	<u>2,524</u>	<u>145</u>	<u>(15)</u>	<u>2,166</u>	<u>(52)</u>	<u>---</u>	<u>344</u>	<u>5,112</u>
Operating Transfers Out	<u>---</u>	<u>(34)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(34)</u>
Change in Net Assets	<u>2,524</u>	<u>111</u>	<u>(15)</u>	<u>2,166</u>	<u>(52)</u>	<u>---</u>	<u>344</u>	<u>5,078</u>
 Total Net Assets – Beginning	 <u>44,366</u>	 <u>2,961</u>	 <u>165</u>	 <u>69,022</u>	 <u>2,875</u>	 <u>54</u>	 <u>---</u>	 <u>119,443</u>
Total Net Assets – Ending	<u>\$ 46,890</u>	<u>\$ 3,072</u>	<u>\$ 150</u>	<u>\$ 71,188</u>	<u>\$ 2,823</u>	<u>\$ 54</u>	<u>\$ 344</u>	<u>\$ 124,521</u>

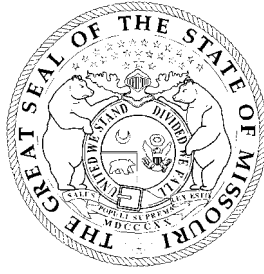
STATE OF MISSOURI
STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
June 30, 2002
(In Thousands of Dollars)

	Development Finance Board	Agriculture and Small Business Development Authority	Fulton 54 Transportation Corporation	Missouri Transportation Finance Corporation	Missouri Highway 179 Transportation Corporation	Springfield, MO State Highway Improvement Corporation	Wentzville Parkway Transportation Corporation	Totals June 30, 2002
Cash Flows from Operating Activities:								
Receipts from Customers and Users	\$ 1,912	\$ 282	\$ ---	\$ 1,232	\$ 676	\$ ---	\$ 143	\$ 4,245
Loans Made to Outside Entities	---	(566)	---	---	---	---	---	(566)
Payments to Vendors and Suppliers	(242)	(42)	(43)	(11)	---	(172)	(41)	(551)
Payments to Employees	(410)	(78)	---	(31)	---	---	---	(519)
Payments to Tax Credit Projects	(5,293)	---	---	---	---	---	---	(5,293)
Payments Made for Program Expenses	---	(1,425)	---	---	---	---	---	(1,425)
Payments Made for Interest Expenses	---	---	(277)	---	(868)	(695)	---	(1,840)
Other Receipts (Payments)	69	---	394	(2,023)	150	1,170	(61)	(301)
Net Cash Provided (Used) by Operating Activities	(3,964)	(1,829)	74	(833)	(42)	303	41	(6,250)
Cash Flows from Non-Capital Financing Activities:								
Loans Receivable Principal Receipts	9,541	---	---	---	---	---	---	9,541
Loans Receivable Issuance	(5,689)	---	---	---	---	---	---	(5,689)
Due to Primary Government	---	749	---	(24)	---	---	---	725
Advance to/from Other Funds, Entities, and Primary Government	---	1,276	---	7,000	2,291	6,485	(8,849)	8,203
Transfers to Other Funds	---	(34)	---	---	---	---	---	(34)
Net Cash Provided (Used) by Non-Capital Financing Activities	3,852	1,991	---	6,976	2,291	6,485	(8,849)	12,746
Cash Flows from Capital and Related Financing Activities:								
Interest Expense	(665)	(105)	---	---	---	---	---	(770)
Purchases and Construction of Capital Assets	(10,794)	---	---	---	---	---	---	(10,794)
Bond Issuance	---	---	---	---	---	---	12,670	12,670
Bond Principal Payments	(5,000)	---	---	---	(2,040)	(6,960)	---	(14,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(16,459)	(105)	---	---	(2,040)	(6,960)	12,670	(12,894)
Cash Flows from Investing Activities:								
Proceeds from Investment Maturities	188,254	---	---	---	---	---	---	188,254
Purchase of Investments	(190,755)	---	(864)	---	---	---	---	(191,619)
Interest and Dividends Received	800	306	---	981	---	---	275	2,362
Net Cash Provided (Used) by Investing Activities	(1,701)	306	(864)	981	---	---	275	(1,003)
Net Increase (Decrease) in Cash	(18,272)	363	(790)	7,124	209	(172)	4,137	(7,401)
Cash – Beginning of Year	29,385	3,443	1,203	33,443	5,559	226	---	73,259
Cash – End of Year	\$ 11,113	\$ 3,806	\$ 413	\$ 40,567	\$ 5,768	\$ 54	\$ 4,137	\$ 65,858
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	\$ 2,389	\$ (1,332)	\$ (35)	\$ 1,185	\$ (52)	\$ ---	\$ 69	\$ 2,224
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation Expense	95	---	---	---	---	---	---	95
Changes in Assets and Liabilities:								
Accounts Receivables	---	(10)	---	---	(8,416)	---	---	(8,426)
Interest Receivable	(1,100)	---	6	224	18	---	---	(852)
Allowance for Doubtful Accounts	---	56	---	---	---	---	---	56
Prepaid Items	42	---	---	---	---	---	---	42
Due from Other Governments	---	---	---	---	---	---	(3,854)	(3,854)
Loans Receivable	---	(622)	---	(2,247)	---	---	---	(2,869)
Deferred Charges	4	---	---	---	---	---	(209)	(205)
Accounts Payable	(101)	79	(34)	5	---	(172)	9	(214)
Deferred Revenues	(5,293)	---	---	---	8,408	---	3,854	6,969
Interest Payable	---	---	137	---	---	475	172	784
Net Cash Provided (Used) by Operating Activities	\$ (3,964)	\$ (1,829)	\$ 74	\$ (833)	\$ (42)	\$ 303	\$ 41	\$ (6,250)

Non-Cash Financing Activities:

During fiscal year 2002, the Development Finance Board retired fully depreciated capital assets in the amount of \$20,000.

During fiscal year 2002, the fair value of investments increased by \$20,000 for the Fulton 54 Transportation Corporation.



*The **Statistical Section** presentations include comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

**STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars)**

Revenues by Source	Fiscal Years Ended June 30									
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Taxes	\$ 8,795,821	\$ 8,894,790	\$ 8,115,787	\$ 8,711,625	\$ 7,885,370	\$ 7,595,565	\$ 7,151,671	\$ 6,810,041	\$ 5,770,220	\$ 5,223,606
Licenses, Fees and Permits	543,926	558,439	509,953	516,032	517,813	506,412	463,290	435,032	395,488	378,011
Sales	16,088	22,525	21,528	21,919	20,100	20,583	24,454	20,828	17,379	19,373
Leases and Rentals	732	7,275	2,202	4,907	4,597	3,715	5,556	3,706	3,261	3,423
Services	152,232	131,283	161,184	208,680	209,765	211,750	137,751	221,453	204,451	190,544
Contributions and Intergov- ernmental	6,435,837	5,720,071	5,349,315	4,970,880	4,503,133	4,021,224	4,095,494	4,042,760	3,448,419	3,036,735
Investment Earnings, Penalties and Unclaimed Properties	122,870	181,949	186,289	192,987	206,074	178,371	151,582	110,882	72,653	46,956
Miscellaneous Revenues	783,851	821,560	307,321	114,615	92,465	91,257	110,761	103,735	93,759	10,376
Total Revenues	16,851,357	16,337,892	14,653,579	14,741,645	13,439,317	12,628,877	12,140,559	11,748,437	10,005,630	8,909,024
Expenditures by Function										
General Government	521,851	476,351	365,872	839,252	446,466	404,239	370,800	353,095	332,861	315,784
Education	4,544,943	4,346,419	4,096,797	3,878,866	3,742,716	3,474,767	3,234,542	2,973,917	2,777,888	2,604,170
Natural and Economic Resources	536,194	553,760	484,432	490,761	494,247	460,792	431,458	452,230	436,465	393,139
Transportation and Law Enforcement	861,790	829,251	766,534	1,501,163	1,336,898	1,366,067	1,299,962	1,252,627	1,273,238	971,234
Human Services	7,988,023	7,540,546	6,668,492	6,433,590	5,663,384	5,151,585	4,973,129	4,835,118	3,976,063	3,574,328
Capital Outlay	1,308,980	1,228,401	1,281,802	314,903	335,027	404,043	302,058	220,250	140,320	143,603
Debt Service	189,276	166,971	150,851	126,674	138,946	202,245	132,174	117,150	107,170	98,598
Article X Distribution	---	98,856	178,842	318,792	376,283	---	---	---	---	---
Intergov- ernmental	571,652	439,442	457,744	358,181	334,252	363,882	349,327	322,179	233,465	221,878
Total Expenditures	16,522,709	15,679,997	14,451,366	14,262,182	12,868,219	11,827,620	11,093,450	10,526,566	9,277,470	8,322,734
Excess Revenues	\$ 328,648	\$ 657,895	\$ 202,213	\$ 479,463	\$ 571,098	\$ 801,257	\$ 1,047,109	\$ 1,221,871	\$ 728,160	\$ 586,290

(1) Includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI
REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
GENERAL FUND – GENERAL
For the Last Ten Fiscal Years
(In Thousands of Dollars)**

Revenues by Source	Fiscal Years Ended June 30									
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Taxes	\$ 6,747,449	\$ 6,796,005	\$ 6,127,541	\$ 6,740,665	\$ 6,019,057	\$ 5,830,807	\$ 5,507,457	\$ 5,248,525	\$ 4,388,462	\$ 3,970,845
Licenses, Fees and Permits	65,111	65,581	64,061	53,802	51,138	48,373	46,721	45,186	44,886	40,739
Sales	783	748	825	1,187	1,177	1,164	2,418	1,572	1,657	1,960
Leases and Rentals	411	5,909	870	650	537	122	487	408	118	97
Services	122,859	100,397	102,948	203,545	209,422	211,476	137,498	191,176	197,235	185,140
Contributions and Intergov- ernmental	704,959	694,938	240,677	599,422	549,649	413,094	477,080	803,981	269,301	275,300
Investment Earnings, Penalties and Unclaimed Properties	54,635	81,265	96,576	108,285	119,789	104,947	84,870	58,685	34,837	24,760
Miscellaneous Revenues	392,256	249,850	36,607	24,090	20,910	16,354	33,291	26,363	27,107	6,803
Total Revenues	8,088,463	7,994,693	6,670,105	7,731,646	6,971,679	6,626,337	6,289,822	6,375,896	4,963,603	4,505,644
Expenditures by Function										
General Government	434,752	379,780	264,579	748,230	375,332	330,882	302,813	293,870	280,562	270,936
Education	430,393	455,434	539,009	732,129	680,582	609,344	631,686	567,868	519,484	507,157
Natural and Economic Resources	60,292	75,909	77,663	76,679	59,388	54,685	68,650	49,160	45,655	44,873
Transportation and Law Enforcement	53,593	62,160	59,796	55,505	54,931	43,792	37,493	31,629	29,179	26,052
Human Services	4,013,207	3,873,992	2,978,688	3,276,374	2,922,627	2,694,660	2,474,625	2,741,580	2,046,075	1,750,188
Capital Outlay	81,019	171,240	225,090	141,148	143,947	187,816	126,915	79,236	38,186	32,344
Debt Service	46,440	41,937	33,868	14,065	23,889	98,999	37,785	31,035	29,089	18,512
Article X Distribution	---	98,856	178,842	318,792	376,283	---	---	---	---	---
Intergov- ernmental	90,833	76,277	84,694	67,535	48,691	51,812	41,840	35,683	33,580	39,592
Total Expenditures	5,210,529	5,235,585	4,442,229	5,430,457	4,685,670	4,071,990	3,721,807	3,830,061	3,021,810	2,689,654
Excess Revenues	\$ 2,877,934	\$ 2,759,108	\$ 2,227,876	\$ 2,301,189	\$ 2,286,009	\$ 2,554,347	\$ 2,568,015	\$ 2,545,835	\$ 1,941,793	\$ 1,815,990

Note: For comparability with past years data, "Investment Earnings" and "Penalties and Unclaimed Properties" have been combined above under "Revenues by Source."

**STATE OF MISSOURI
TAXES**

The Constitution of Missouri, Article X, Section 8, provides general guidelines for property taxes within the State. It limits the State tax on real and tangible personal property to ten cents on each hundred dollars assessed valuation, excluding any tax necessary to pay any bonded debt of the State.

Presently there is a State property tax of three cents on each hundred dollars assessed valuation on all real estate and tangible personal property in the State. This tax collects approximately twenty-one million dollars a year and is paid into the Blind Pension Fund, a Special Revenue Fund.

**Assessed and Estimated Actual Value of Taxable Property
For the Last Ten Years
(In Thousands of Dollars)**

Year (3)	Assessed Value			Total Taxable Property	
	Real Estate	Tangible Personal Property	Distributable Property of Public Utility Companies	Assessed Value (1)	Estimated Actual Value (2)
2001	\$ 48,091,934	\$ 16,630,805	\$ 3,648,150	\$ 68,370,889	\$ 291,443,564
2000	43,450,656	15,893,447	3,531,220	62,875,323	267,060,094
1999	42,064,375	14,797,778	3,461,735	60,323,888	257,151,302
1998	39,066,562	13,961,314	3,279,016	56,306,892	239,898,361
1997	37,902,282	13,236,610	3,249,863	54,388,755	232,113,244
1996	34,138,325	12,458,792	3,153,027	49,750,144	211,382,255
1995	33,181,619	11,269,545	3,078,181	47,529,345	202,537,140
1994	31,335,588	10,199,469	3,059,585	44,594,642	187,664,425
1993	30,668,645	9,649,537	2,958,271	43,276,453	182,352,275
1992	30,049,269	9,287,762	2,844,337	42,181,368	177,520,018

(1) Data Source: State Tax Commission of Missouri.

(2) Based on residential property assessed at 19%, agricultural property assessed at 12% and commercial property assessed at 32%.

(3) The data for 2002 was not available at publication date.

**STATE OF MISSOURI
DEBT**

The limitations on State debts and bond issues are contained in the Constitution of Missouri, Article III, Section 37. This section restricts the general assembly from contracting or authorizing the contracting of any liability of the State or the issuing of bonds therefore, except:

1. To refund outstanding bonds, the refunding bonds must have a maturity date of not more than twenty-five years from the date of issue.
2. Upon the recommendation of the governor for a temporary liability incurred by an unforeseen emergency or casual deficiency in revenues for an amount not to exceed one million dollars for any one year and to be paid in five years or less.
3. When the liability exceeds one million dollars, the general assembly as on constitutional amendments, or the people by the initiative, may submit a measure containing the amount, purpose and terms of the liability and if the measure is approved by a majority of those voting the liability may be incurred.

Computation of Legal Debt Margin
June 30, 2002
(In Thousands of Dollars)

General Obligation Bonds Authorized	\$ 1,775,000
Unforeseen Emergency or Casual Deficiency	1,000
Less General Obligation Bonds Issued	<u>1,394,494</u>
Legal Debt Margin	<u><u>\$ 381,506</u></u>

STATE OF MISSOURI
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED
DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUND TYPES (1)
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio Data)

<u>For the Fiscal Year Ended June 30</u>	<u>Debt Service</u>	<u>Total Expenditures</u>	<u>Ratio</u>
2002	\$ 189,276	\$ 16,522,709	1.15%
2001	166,971	15,679,997	1.06
2000	150,851	14,451,366	1.04
1999	126,674	14,262,182	0.89
1998	138,946	12,868,219	1.08
1997	202,245	11,106,474	1.82
1996	132,174	11,093,450	1.19
1995	117,150	10,526,566	1.11
1994	107,170	9,277,470	1.16
1993	98,598	8,322,734	1.18

(1) Includes General, Special Revenue, Debt Service, Capital Projects Funds, and Permanent Funds.

STATE OF MISSOURI
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL BONDED DEBT PER CAPITA
For the Last Ten Fiscal Years
(In Thousands of Dollars Except Ratio and Per Capita Data)

For the Fiscal Year Ended June 30	Population (1)	Assessed Value (2)	General Bonded Debt			Net General Bonded Debt	
			Total	Less Debt Service Monies Available	Net	Ratio to Assessed Value	Per Capita
2002	5,651	\$ N/A	\$ 1,978,210	\$ 88,970	\$ 1,889,240	N/A	\$ 334.32
2001	5,630	68,370,889	1,612,340	90,477	1,521,863	2.23	270.31
2000	5,604	62,875,323	1,269,225	63,002	1,206,223	1.92	215.24
1999	5,562	60,323,888	1,273,113	64,610	1,208,503	2.00	217.28
1998	5,522	56,306,892	1,333,318	60,205	1,273,113	2.26	230.55
1997	5,481	54,388,755	1,288,678	58,746	1,229,932	2.26	224.40
1996	5,432	49,750,144	1,187,926	56,055	1,131,871	2.28	208.37
1995	5,378	47,529,345	1,255,827	50,852	1,204,975	2.54	224.06
1994	5,324	44,594,642	1,194,306	50,387	1,143,919	2.57	214.86
1993	5,271	43,276,453	1,163,144	41,143	1,122,001	2.59	212.86

Includes general obligation bonds and other bonds which relate to governmental funds.

N/A – Information not available.

Data Sources:

- (1) U.S. Department of Commerce – Bureau of Economic Analysis.
- (2) State Tax Commission of Missouri – For the year ended December 31.

**STATE OF MISSOURI
ECONOMIC DATA**

Industrial Growth

<u>Fiscal Year</u>	<u>Expanding Companies</u>	<u>New Companies</u>	<u>New Jobs</u>	<u>Investment (In Thousands)</u>
2002	83	39	12,176	\$ 1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919
1994	82	57	8,940	768,838
1993	110	73	7,856	1,085,676

Data Source: Missouri Department of Economic Development.

Bank Deposits
(In Millions)

<u>Fiscal Year</u>	<u>State Banks</u>	<u>National Banks</u>	<u>Total Deposits</u>
2002	\$ 41,184	\$ 21,768	\$ 62,952
2001	32,950	20,219	53,169
2000	29,990	30,618	60,608
1999	31,634	34,945	66,579
1998	31,111	22,370	53,481
1997	28,167	20,002	48,169
1996	29,303	33,705	63,008
1995	30,152	27,297	57,449
1994	28,939	25,649	54,588
1993	27,225	26,449	53,674

Data Source: Missouri Department of Economic Development.

**STATE OF MISSOURI
ECONOMIC DATA**

**Retail Sales by Store Group
(In Thousands)**

<u>Year</u>	<u>Food</u>	<u>General Merchandise</u>	<u>Furniture, Furnishings and Appliances</u>	<u>Automotive</u>	<u>Health/ Personal Care</u>	<u>All Other</u>	<u>Totals</u>
2002	\$ 7,866,518	\$ 9,848,102	\$ 3,251,995	\$ 18,897,240	\$ 2,549,175	\$ 15,203,018	\$ 57,616,048
2001	7,741,561	9,676,695	3,200,033	18,572,559	2,508,497	14,946,218	56,645,563
2000	9,708,109	9,978,604	3,278,017	18,666,625	2,188,964	11,906,129	55,726,448
1999	9,912,908	9,525,196	3,210,288	16,561,707	1,892,555	10,923,604	52,026,258
1998	9,619,227	8,992,504	2,925,982	15,507,470	1,858,292	10,461,323	49,364,798
1997	10,377,890	8,578,221	2,496,712	12,683,473	1,844,231	10,626,251	46,606,778
1996	6,909,793	5,341,199	1,644,656	8,431,367	1,220,947	7,069,636	30,617,598
1995	8,430,568	6,453,336	1,984,645	10,717,139	1,547,532	7,870,303	37,003,523
1994	8,243,615	5,710,308	1,875,115	10,081,481	1,411,536	7,642,631	34,964,686
1993	7,847,372	5,186,603	1,784,986	9,596,898	1,227,780	7,015,515	32,659,154

Data Source: Reprinted by permission of Editor and Publisher Market Guide from VNU Business Media, Inc. Copyright 1989–2002.

**STATE OF MISSOURI
ECONOMIC DATA**

Privately Owned Housing Units Authorized By Building Permits

<u>Year</u>	<u>Number of Units</u>	<u>Valuation (In Thousands)</u>
2001	24,739	\$ 2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828
1992	20,078	1,525,890

Data Source: U.S. Department of Commerce – Bureau of the Census.

Major Private Employers

The State's major private employers and the approximate number employed by each in 2001 were as follows:

<u>Employer</u>	<u>Number Employed</u>
1. Wal-Mart Associates, Inc.	30,000 – 32,500
2. Boeing Corporation	12,500 – 15,000
3. Schnuck Markets, Inc.	10,000 – 12,500
4. Washington University	10,000 – 12,500
5. TWA/American Airlines, L.L.C.	7,500 – 10,000
6. Barnes-Jewish Hospital	7,500 – 10,000
7. May Department Stores	7,500 – 10,000
8. Ford Motor Company	7,500 – 10,000
9. SBC (Southwestern Bell) Management	5,000 – 7,500
10. Daimler Chrysler	5,000 – 7,500
11. Lester E Cox Medical	5,000 – 7,500
12. Hallmark Cards	5,000 – 7,500
13. AG Edwards & Sons, Inc.	5,000 – 7,500
14. United Parcel Service, Inc.	5,000 – 7,500

Data Source: Missouri Department of Labor and Industrial Relations.

**STATE OF MISSOURI
DEMOGRAPHIC STATISTICS**

Population Statistics

<u>Year</u>	<u>Population (In Thousands)</u>	<u>% Change</u>	<u>% of Total</u>	
			<u>Urban</u>	<u>Rural</u>
2000	5,595	9.3%	67.8%	32.2%
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce – Bureau of the Census.

Office of Social and Economic Data Analysis: Demographics.

School Enrollment
(In Thousands)

<u>Academic Year</u>	<u>Elementary and Secondary Enrollment (1)</u>	<u>Higher Education Enrollment (2)</u>	<u>Totals</u>	<u>% Change From Prior Year</u>
2001-02	890	213	1,103	0.3%
2000-01	894	206	1,100	0.2
1999-00	895	203	1,098	0.5
1998-99	895	198	1,093	0.6
1997-98	893	194	1,087	1.4
1996-97	883	189	1,072	1.1
1995-96	874	186	1,060	1.0
1994-95	862	188	1,050	0.9
1993-94	852	189	1,041	0.8
1992-93	840	193	1,033	1.5

Data Sources: (1) Missouri Department of Elementary and Secondary Education.

(2) Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

**STATE OF MISSOURI
DEMOGRAPHIC STATISTICS**

Personal Income

<u>Year</u>	<u>Missouri Total Personal Income (In Millions)</u>	<u>U.S. Total Personal Income (In Millions)</u>	<u>Missouri Per Capita Personal Income</u>	<u>U.S. Per Capita Personal Income</u>	<u>Missouri % Change From Prior Year</u>	<u>U.S. % Change From Prior Year</u>
2001	\$ 157,797	\$ 8,621,023	\$ 28,029	\$ 30,271	3.0%	2.7%
2000	152,448	8,314,032	27,206	29,469	5.1	5.8
1999	143,928	7,769,367	25,877	27,843	2.8	3.5
1998	138,987	7,418,497	25,171	26,893	5.2	5.8
1997	131,144	6,928,545	23,926	25,412	4.8	4.7
1996	123,992	6,538,103	22,828	24,270	4.4	4.4
1995	117,640	6,192,235	21,873	23,255	3.7	4.1
1994	112,314	5,878,362	21,094	22,340	4.6	3.7
1993	106,298	5,598,446	20,166	21,539	3.7	2.8
1992	101,493	5,376,622	19,454	20,960	5.1	4.7

Data Source: U.S. Department of Commerce – Bureau of Economic Analysis.

Employment
(In Thousands Except Unemployment Rates Data)

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Total Employed</u>	<u>Total Unemployed</u>	<u>Missouri Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2001	2,970	2,830	140	4.7%	4.8%
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6
1994	2,698	2,567	131	4.9	6.1
1993	2,661	2,489	172	6.5	6.9
1992	2,668	2,515	153	5.7	7.5

Data Source: Missouri Department of Labor and Industrial Relations and Missouri State Web Page – Labor Market Information

STATE OF MISSOURI
SCHEDULE OF MISCELLANEOUS STATISTICS
As of June 30, 2002

Adoption of State Constitution1821, 1865, 1877, 1945

Land Area (Square Miles)68,945

Miles of State Highway32,312

State Highway Patrol Protection:

Number of Troops (Stations)9

Number of Commissioned Highway Patrol Officers1,037

Higher Education:

Public Community Colleges –

Number of Campuses 17

Number of Students [average annual full-time equivalent (FTE)]47,184

Number of Regular Term Teaching Positions (FTE).....1,236

State Technical College –

Number of Campuses 1

Number of Students (FTE) 803

Number of Regular Term Teaching Positions (FTE).....46

State Colleges/Universities –

Number of Campuses 14

Number of Regular Term Students (FTE)95,669

Number of Regular Term Teaching Positions (FTE).....4,541

Recreation:

Number of State Parks and Historic Sites 83

Acres of State Parks and Historic Sites138,553

Number of State Conservation Areas.....1,116

Acres of State Conservation Areas972,665

Sources:

Land Area Missouri State Manual

Miles of Highway..... Department of Transportation

State Highway Patrol Protection Department of Public Safety/Highway Patrol

Higher Education Department of Higher Education

Recreation..... Department of Conservation
Department of Natural Resources/Division of State Parks

STATE OF MISSOURI
ACKNOWLEDGEMENTS

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